The Province of Alberta

THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF EDMONTON AND CALGARY

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PROCEEDINGS

DATE January 13th, 1955.

VOLUME 25

The Court House
EDMONTON - ALBERTA
SUPREME COURT REPORTERS, EDMONTON

VOLUME 25

January 13th, 1955.

I N D E X

VOLUME 25

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THE SITTINGS OF THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON, held at the Court House, Edmonton, Alberta on Thursday, the 13th day of January, A.D. 1955, at nine forty five a.m.

MR. PARK: Mr. Chairman, we have prepared the pro-forma budget that was requested yesterday, and we have also the figures that Mr. Commissioner Blackstock requested, but we wish, if we could, to have the opportunity to review the same and we would prefer, if possible, to submit both of those statements, both of those items, preferably at two o'clock this afternoon, if that is satisfactory to the Commission. What we thought might be a good approach this morning would be to continue with the examination of Mr. Clark and perhaps with the examination of Mr. Gertler, and I don't think he is present.

THE CHAIRMAN: Oh yes he is, yes.

MR. PARK: Is he? And deal with those items this morning, and then at 2 o'clock finish off the matter of the request.

THE CHAIRMAN: Do I understand, Mr. Park, that you propose to call Mr. Gertler as a witness in any case?

MR. PARK: Well, we do not propose to call him but I understand he was called yesterday by the Commission.

MR. DAVIES: I propose to call him.

THE CHAIRMAN: Yes, that's right, merely to --

MR. PARK: On the aspect of --

THE CHAIRMAN: To have his reactions to the extensions of the plan that his Commission worked out earlier, and this plan seems, of course -- I don't think that Mr. Gertler had any, the District Planning Commission had before it any proposal for an extension of the Town of Fort Saskatchewan north of the river, and the plan which you submitted yesterday includes a very considerable acreage north of the river; and it was to hear Mr. Gertler's comment that I, and I also wanted to ask you, Mr. Clark, if the Municipal District of Sturgeon River had been consulted at all with regard to this or the residents of the Hamlet of Lamoureux, or whether this was just a brain wave of the authorities of the Town of Fort Saskatchewan? Those were things I wanted to get before the Commission. Now, before you proceed may I ask, have you given Mr. Gertler a copy of this plan?

MR. PARK: We have, sir.

THE CHAIRMAN: Yes, all right. Now then, will you proceed in the way that you intended, that you indicated that you would like to do.

MR. PARK: I will call on Mr. Clark then.

THE CHAIRMAN: Yes, and Mr. Park, we have found it more satisfactory if the questioner would come up here, for the sake of the reporter and the members of the Commission who may be getting a little ancient. Mr. Park, I notice you were consulting with Mr. Haljan. If you wish to have him up there beside you it will be quite all right.

JAMES CLARK, having been recalled on his former oath, examined by Mr. Park, testified as follows:

Q Mr. Clark, when we left off yesterday afternoon we were discussing the matter of the dwellings in the Hamlet of Lamoureux across the river from Fort Saskatchewan; would you give the Commission some idea as to what development there is at the present time in Lamoureux?

A Well, as near as my knowledge is there is only a very few houses within the river lots between 14 and 22, they are very small in there, I don't know just the exact number of them.

Q Could you estimate it?

A No, I am afraid I couldn't estimate it.

MR. ROBISON: Could you estimate the acreage?

A No, sir, I wouldn't care to estimate a figure on the acreage either.

Q MR. PARK: And has there been any new development across the river within the last two years, since the Sherritt-Gordon plant has gone into the area?

A Not to my knowledge, not to be definite on that, I couldn't say there was.

Q And the reason would be what that there would be no development as far as you are able to determine?

A Well, the biggest reason is that, well, is due to transportation, on account of the type of bridge that is in there now, it is not slated for development across the river.

Q In other words, the persons building across the river would have to come to the west across the old bridge and a way around to the Sherritt-Gordon plant?

A That's right.

Q But if a new highway bridge were built down river from the old bridge then there would be the likelihood of development in that area in your estimation?

A Yes, we anticipate that.

Q And do you know, being a person familiar with the area of Fort Saskatchewan, would you anticipate that the highway bridge would be built upriver from the existing bridge or downriver from the existing bridge?

A The only point there is that it would be built downriver, there is no question about it being built upriver, it necessitates railway crossings and the like of that, that would be taken into consideration.

Q What you say then is that if a bridge were built upriver that it would have to be a railway crossing similar to the crossing that there was when the highway had its route into the town along the route that was in use several years ago, is that right?

A That's right.

THE CHAIRMAN: Mr. Park, excuse my interrupting you, would you indicate if you can the point, having in mind these river lot numbers on the north side of the river, the point at which it is proposed to suggest a new bridge?

MR. PARK: At the boundary between river lots 12 and 14.

THE CHAIRMAN: Oh, yes.

MR. PARK: Running across the river to the west boundary of river lot 9.

THE CHAIRMAN: Yes, thank you very much.

Q MR. PARK: And a crossing at that point also would entail, I should say a rerouting of the highway at that point, at the downriver location, would also entail a railway crossing, am I correct in that?

A That's right, yes.

Q And what are your views on that?

A I hadn't taken that too much into consideration at the present time. You mean this railway crossing here?

Q What I am driving at is that either if you cross at an upriver point from the present bridge location or at a downriver point from the present bridge location, you are nevertheless in either situation going to be faced with a railway crossing, is that not true?

A That's true.

Q But you still think that that would be a better route for the bridge?

A Just looking at the map on that, the consideration I am speaking of, it would not necessitate a railway crossing at this particular point. The highway could be rerouted to stay completely north of the tracks and cut out two existing crossings that is already there.

Q And regarding the area north of the river, am I correct in saying that at the present time there is a high pressure natural gas pipe line that runs through those river lots?

A Yes, I believe that is correct.

Q Where abouts approximately does the gas pipe line cross into the Town of Fort Saskatchewan?

A Well, it is to the east of the town, as near as I know, I believe it is below the Sherritt-Gordon plant that --

Q No, I am speaking of the crossing of the Northwestern Utilities Ltd. which I believe enters the Gaol property.

A Well, I haven't --

Q You are not familiar with that?

A I am not familiar with that.

Q Well, Mr. Commissioner Blackstock probably will bear me out in this, that I can give expert evidence probably in the matter of the location of the Northwestern Utilities pipe line , and there is a main river crossing into the town of the natural gas pipe line that swings down from the north west in through the river lots into the Gaol property, and from that line the town is served with natural gas. The town is served, of course, but not the plant of Sherritt-Gordon. And what would you consider to be the effect of a high pressure gas pipe line through that area to the north of the river, do you think it would make it more attractive as an area either for residential location or for industrial location?

A In consideration of the actual area, light industries would be all we were really expecting to develop and residential, within that area.

Q But there would be a tendency from, for settlement, or for development to be made on the left bank of the river because of that gas pipe line being in there, it would be one of the factors, would it not?

A You could assume that, yes.

Q You are familiar with the development along the highway 14 route east of the city, are you?

A Yes.

Q And you are familiar with the location of the natural

Q (Cont.) gas pipe line along that highway?

A No, I am not.

Q You are not?

A I am not quite familiar with it.

Q Those are my questions of this witness.

THE CHAIRMAN: Thank you. Is there further questioning of this witness?

MR. MOFFAT: I had two or three questions, sir, but I am not particular whether I go first.

THE CHAIRMAN: I am not particular who goes first.

MR. MOFFAT: Or Mr. Brownlee.

MR. BROWNLEE: I would prefer you to go ahead, Mr. Moffat.

THE CHAIRMAN: All right, Mr. Moffat.

MR. MOFFAT EXAMINES THE WITNESS:

Q The first question is a fairly practical one in some provinces I know; in respect to the proposed new bridge, would you be likely to get as much provincial assistance if the new bridge is located within the town limits as if it was located on the border of the town limits?

A No, under the statutes until you grow to a certain size highway development of that kind is practically all provincial government.

Q I see. So that the change of the boundaries would not affect that?

A That's right.

Q I know that in some provinces it is the other way, and I was not sure what the situation was here. Now, on page 3 of your brief you mention there, the Sherritt-Gordon plant and the new sulphuric acid plant and:

Q (Cont.)

"There is in addition at the present time a third industry on the verge of coming into this area."

Now, I am not going to ask you to disclose any secrets, but what type of industry is this or is it public information that you are quite prepared to tell us about?

A Well, it is surmising information to the extent that they at the present time have an option on that land to the east of there to develop their industry, and they won't definitely state anything definite other than that.

Q And is your surmise that it is another case of an industry that is co-ordinating in with the Sherritt-Gordon plant, and using its byproducts, or is it an independent industry?

A We understand it is co-ordinating with Sherritt-Gordon.

Q So that would be fairly typical then of the kind of thing that happens, growing around an existing plant.

A That's right, yes.

Q And probably indicates the kind of thing that is going on steadily in the Strathcona area and likely to continue as well in the area just east of the city?

A Yes, you can say that, yes.

Q On page 6 you list a number of problems that the town has had with respect to new construction and housing and so on, and you are stressing the fact that the Sherritt-Gordon Plant has not paid any taxes to the town; has there been any shall we say "informal" assistance, providing of equipment and that sort of thing, which I know again happens in some areas?

A No, there has been no assistance of any kind.

Q None of that sort of thing at all?

A No.

Q No grant say towards community centers or anything of that sort?

A No, nothing like that, no.

Q So that the situation then would be that the only revenue that the town has secured from the existence of the Sherritt-Gordon plant is what it gets from taxes on the houses of the employees and from the increase in taxes on the business downtown, grocery stores and that kind of thing?

A That's right, yes.

Q But nothing either directly or indirectly from the plant itself?

A No, nothing.

Q Yes.

A I think there is one qualification on the statement there, getting any assistance or getting no assistance from Sherritt-Gordon; as I understand, the town is in the same school division as --

Q Oh, yes, yes.

A Outside the, that is the Municipal District area outside the limits of the town, and the education of the children is being assisted by taxation of the Sherritt-Gordon property.

Q Yes, we are quite aware of that, but this was in respect to municipal services as such, and the situation there is what you say, that there has been nothing from the plant?

A That's right, yes.

Q Thank you.

MR. HARRIES EXAMINES THE WITNESS:

Q With your permission, sir, I have one or two questions. Mr. Clark, the Inland Chemical Company proposes to construct a sulphuric acid plant at Fort Saskatchewan, is that correct?

A That's right, yes .

Q And I understood you to say, to agree with Mr. Moffat when he said that this was what one might call an "allied industry" with Sherritt-Gordon; is that correct?

A Yes, that's right.

Q In what way is it allied with Sherritt-Gordon?

A Well, according to their reports of the production of sulphuric acid, Sherritt-Gordon will use about 85 percent of their production.

Q Will they use that 85 percent of their production say within the first year of operation of the plant?

A Well, at the present time Sherritt-Gordon have to ship in their sulphuric acid for their production of their fertilizer, and I imagine that just as soon as the plant comes into production they will immediately stop transportion of sulphuric acid.

Q Do you know how much sulphuric acide Sherritt-Gordon are now using per month?

A No, I wouldn't know.

Q Would you be surprised if I told you it was something in the order of 1500 gallons? Do you know what the capacity of Inland Chemical Sulphuric Acid plant will be?

A I am not quite familiar, I have the figures.

Q Would you disagree if I told you that it was about 50 tons per day?

A I wouldn't care to make a statement there, sir.

Q You don't know?

A No.

Q So that if Inland Chemicals is there as a result of the attraction, shall we say, of the Sherritt-Gordon plant, it is only there because Sherritt-Gordon is a potential customer?

A Yes, you can say that.

Q And I understood you to say or to agree with Mr. Moffat when he said that this is typical of the development that is in Strathcona?

A Well, as near as we can tell they are all interconnected or allied services to one another.

Q Would you be kind enough to give me some example from your own knowledge of interconnections between these various companies in Strathcona?

A I couldn't say, I am not entirely familiar with the Strathcona area, I wouldn't care to make a statement on that.

Q Are you familiar enough to be able to agree with the proposition that Mr. Moffat put to you that these industries are there as a result of the relative attractiveness one for the other?

A Oh, I wouldn't care to make a statement to that.

Q Well, as I read your brief, Mr. Clark, it suggests that Fort Saskatchewan has a very real financial problem?

A Yes, that's right.

Q Is this a financial problem that now exists or is it one that you anticipate will exist in the future?

A At the present trend it either is going to exist in the latter part of this year or very definitely in the next year.

Q That is, there is no, there is not now a problem at this particular date, although you are very fearful there may be a future problem towards the latter part of 1955 or in 1956, is that correct, sir?

MR. PARK: I think we might have Mr. Clark advised on that.

A Well, as you know we have to draw up our budgets in April and May for the coming year, so that the problem would probably start existing at the time when we try to draw up out budget.

Q MR. HARRIES: Yes, but the point I thought we might be able to agree on, Mr. Clark, was that it is a future problem although you say it is the immediate future?

A Yes, it is the immediate future.

Q Now, looking at your brief on page 4, you mentioned that the town will be required to spend $75,000.00 for the extension of sewer and water services to 22 acres which you propose to develop for housing in 1955?

A That is correct.

Q Is that correct?

A Yes.

Q And would this $75,000.00 measure the extent to which in 1955 you are going to be faced, not with a current financial problem, but with a capital problem?

A I just don't --

Q Well, maybe I haven't made myself clear, Mr. Clark. You say that in 1955 you will have to spend $75,000.00 to develop the 22 acres?

A That is true, yes.

Q And is this $75,000.00 what constitutes your financial problems for 1955?

A No, only partially.

Q Oh, well, then what would the other things be, Mr. Clark?

A Well, based from the fact that although that $75,000.00 expenditure is only going to bring us into the, into the possibility of 70 housing units, and that with the present trend we are going to need additional housing units to that 70.

Q Well, Mr. Clark, is it your, would it be the proposal of the town to develop any more than 22 acres in 1955?

A If it warrants it we will definitely have to carry it forward, and at the present building trend from 1954 it is going to warrant it in '55.

Q But for the purposes of your budget you are putting in something more than $75,000.00, are you, for extension to your sewer and water services?

A Yes, sir.

Q Well, to deal with the $75,000.00 for a moment, sir; I understand that this money will be spent on 22 acres of land which the town purchased at a thousand dollars an acre?

A That is correct.

Q Could you tell me on a, you get what, five lots to the acre?

A Yes, it averages out that way.

Q Could you tell me what the net cost to the town would be or, pardon me, what the cost to the town would be after you have done your survey and so on, of one lot; it would be $200.00 plus something I would think?

A I am afraid I don't have the exact figure.

Q Well, could you give us a reasonable, an estimate on that?

A As far as laying the street and --

Q No, I was meaning that you have five lots and which cost you initially a thousand dollars or $200.00 a lot, and then there are the survey costs and a few other items, I presume, and then you turn around and sell that lot as a building lot to a prospective home builder; now, first of all, could you give me say the selling price in this 22 acre division?

A Well, the selling price is relatively bearing on cost price to the town.

Q Do you have any idea what the selling price will be per lot on this 22 acre development?

A No, the situation that we evolved and the council has taken the stand in Fort Saskatchewan up until now, they are predominantly a laboring class of people that we are supplying these lots to and they sell them as nearly to cost as they can arrive at that.

MR. ROBISON: Doctor Harries, if I may interrupt you a moment, probably we can clarify that ; might we ask the witness whether would you sell the lots you are going to sell as service lots?

A No, sir, we don't.

MR. ROBISON: You are going to sell them as raw lots?

A That's right.

MR. ROBISON: And I think Doctor Harries question then is, have you any idea what the selling price of those raw lots will be that you have acquired for $200.00, is that your question?

Q MR. HARRIES: That is the question, sir.

A They vary from previous lots that we have sold to other areas, we hold them within $400.00 to $500.00, practically the cost of the lot to us.

Q Mr. Clark, my understanding was, and you will correct me if I am wrong, was it these lots you sell for approximately $500.00 each?

A Well, we hold them in there or below there as nearly as possible.

Q Would $500.00 be a reasonable estimate of the selling price of one of these unserviced lots?

A That I couldn't say, the council actually set the price of the lot depending on the cost to us.

Q Do you anticipate making a profit on, any profit on this real estate transaction involving the 22 acres?

A No, they don't anticipate making, well, if it is it is so small it is just the handling charges actually of the property, they don't anticipate making any profit on those.

Q And on page 3 there is a reference made to the Inland Chemical Company which will require 80 homes; would you be kind enough to indicate to the Commission where the estimate of the 80 homes required for Inland Chemical Company came from?

A I believe as I recall from the Commerce Journal published, the article was published within the Commerce Journal stating definitely that they would have between 80 and 100 employees.

Q Which Commerce Journal is that?

A It is published in Vancouver; I am, I just can't recall the name of it, I can look that up and definitely let you know on that.

MR. ROBISON: I know the one.

Q MR. HARRIES: Would you disagree with me if I suggested to you that to operate a sulphuric acid unit of the type that is going into Fort Saskatchewan, that it requires four men per eight hour shift?

A I am afraid I couldn't make, agree with that, I mean I don't know definitely on that point.

Q All right, sir, thank you. On page 5, sir, in the second complete paragraph, at the end there is mention made of the debt incurred in connection with the construction of sewer and water at $180,203.24, being the principal and interest; now, would you be kind enough to indicate whether the, what part of the $180,000.00 is future interest that will be owing, I am not quite clear on just the use of the term?

MR. BLACKSTOCK: Annuity basis.

MR. HARRIES: I beg your pardon?

MR. BLACKSTOCK: The payments are on the annuity basis, the payment is combined principal and interest; you will have to get someone to work it out on a table to tell you how much of it is principal and how much was interest.

Q MR. HARRIES: The answer to my question I understand, Mr. Clark, is found on table 4, is it?

MR. PARK: Yes.

Q MR. HARRIES: Oh, I see, and if I read that correctly, Mr. Clark, that the principal is $150,000.00 and the interest not now due and payable would be $29,749.00, is that correct?

A That is correct, yes.

Q On page 6 of your brief, sir, you note five factors which have enabled Fort Saskatchewan to weather the first impact of industrialization without any marked financial difficulties, that is a fair paraphrase of the point covered, is it? I am wondering if we could go through those, taking the first one for example:

"The town had no long-term debt prior to 1950 and thus council could tap this source of revenue."

Now, looking at the situation from 1954 forward, you do not now have that advantage?

A That's right, yes.

Q And the second point is:

"The enactment of the Self-Liquidating Project Act.."

This Act is still in effect?

A I believe that Act, it does not apply to us any more, it still is in effect.

Q It does not apply to the town of Fort Saskatchewan?

A No.

Q And the third item is:

"The town was able to realize good profits on the sale of municipal land over the past three years..."

this does not apply now because you have changed your policy and are now selling the land at cost, is this correct?

A No, that municipal land that we realized a profit on, on this land, it has been in the corporate limits of the town since it was incorporated in 1904 and had never been used.

Q But presumably there was some cost attached to it, was there?

A Yes, there was a small cost.

Q And you sold it at more than cost?

A Very little more than the cost, it has been laying dormant for, well, the brush had to be cut and roads put into it.

Q Now, I would like to be quite clear, you say "very little more than the cost", is $69,000.00 considered very little?

A Well, it is maybe quite a bit more than the original cost of that land.

Q So that to the extent item number (c) is not now a factor or will not in the future be a factor, it is a result of policy of the town council with regard the land sales, a change in policy?

A That's right.

Q And item number, or item number (d):

"The new housing construction helped to boost the real property assessment."

Would this be a factor henceforth as it was previously?

A Yes, it would be a factor but then again you cannot borrow on what you have not already got; I mean if you are borrowing money against an assessment you have to have the assessment there before you can borrow money on it.

Q Well, this is not a change from what it was previously, is it; I mean this has held as much in 1952 as it will hold in 1955?

A As far as that real property assessment is concerned, it has helped, but the actual debt charges and costs

A (Cont.) increase more rapidly than the assessment.

Q Yes, I think that there is no doubt about that, but the point is that you have said that this is one reason that you were able to weather the first impact of industrialization, and I am suggesting to you that to the extent that it was important, and I don't know how important it was, it still applies and will apply in future years?

A Yes, I would say so, but not quite, on quite as a degree as it has done in the past.

Q Well, thank you. Item number (e):

"The school requisition has not markedly increased..."

Do you foresee this situation continuing in the future?

A Well, depending predominantly on the industrial development in the M.D., if it remains within the M.D., it won't increase too markedly.

Q You would agree with me, I presume, Mr. Clark, that if the industrial assessment was, some of the industrial assessment was taken out of the Municipal District of Strathcona, that this would have the result of increasing your school assessment or your school requisition?

A Yes, to some extent it would.

Q If it was all taken out would it have a very marked effect on your school requisition?

A Just, that question, do you mean by that question if Sherritt-Gordon was taken as well?

Q No, I -- for purposes of this question let us assume Sherritt-Gordon stays within the municipal district.

A Yes, it would tend to increase our school costs.

Q Does not table 1 indicate that in 1945, whereas you had a mill rate for school purposes of 35, in 1954 your mill rate for school purposes is 21?

A Yes, that is correct, and the deciding factor, the deciding factor to the main decrease in that mill rate was the fact that we went from consolidation to school division in 1948 as I recall it.

Q Well now, 1948 it is, it was 31 and then in 1949 it dropped to 24.5; this is the change you refer to?

A Yes.

Q There was a population estimate -- oh -- on page 3 the brief states:

"The town has been advised to plan for a population of 14,000 people by the year 1964."

Can you tell the Commission who advised you to plan for that type of a population?

A This is taken from the Edmonton District Planning Report on page 12 of their report, that is the estimate that they have based in there.

Q Can you tell me who advised you to plan for a population of 25,000 three years ago?

A No, I am afraid I couldn't, I couldn't do that, -- to 25,000?

Q Let me put the question more clearly, as I understand it in 1950 you were advised to plan a sewer and water system that would last for a period of 20 years and would ultimately cover a population of 2500 ?

A Yes, 2500; 25,000 was the figure that I questioned.

Q Well, that is my mistake, I am sorry. Who advised you to plan for that kind of a population?

A That was based on our consultant engineers, Associated Engineers report that was filed and compiled in 1949 and '50 for sewer and water system.

Q So I am correct in supposing, am I, sir, that in 1950 the estimated population in 20 years or the estimated population for Fort Saskatchewan in 20 years was 2500, and that three years later we are now estimating a population in ten years of 14,000?

A That is correct, yes.

Q All right, thank you, sir.

MR. MOFFAT EXAMINES THE WITNESS:

Q. Mr. Chairman, there was one question that slipped my mind when I was on my feet a few minutes ago, if I could deal with it just now? You have stated very strongly the position that a large plant getting the services of the town should pay some contribution towards the cost of providing those services in the town, is that correct?

A That is correct, yes.

Q Do you suppose that the Gaol comes in the category of a large plant that is getting services of the town and not making any contribution towards the town?

A Yes, that could also follow, that the Gaol should do that.

Q Is the general principle that the people who get the benefit of the plant should pay towards the cost of providing these services in the municipality?

A Yes.

Q Do you suppose, shall we use the word "benefit" from the Gaol, that it is primarily to the people of the Town of Fort Saskatchewan or who is the group that primarily benefits from the services of the Gaol?

MR. ROBISON: What are the services of a Gaol, Mr. Moffat?

A I was quite confused as to the word "benefit" used in this case.

Q MR. MOFFAT: I used it deliberately. Now, couldn't we say it this way, that the Gaol is there for the services of the people of the whole of Alberta?

A That is true, yes.

Q And therefore do you not think it reasonable that the people of the whole of Alberta should make some contribution towards the municipal services in that case?

A Yes, that could necessarily follow.

Q And do you suppose the same situation would apply in the City of Edmonton in respect to where the government administration offices are located?

A Yes, I would say definitely yes.

Q And would you agree with the principle which has been laid down that these adjoining industries should contribute to the municipality that is providing services for the employees, that this principle would apply just as much to the government departments as it would to the private industries?

A Yes, it would apply in both cases.

Q Have you ever made any attempt to have some sort of assistance of this sort in respect to the Gaol, either the land or the buildings?

A Yes, a previous approach was made on this but under the several Acts governing the non-revenue producing properties I am afraid we just come out of that category as a town and we don't realize anything on it.

Q You say "non-revenue categories", what do you mean by that?

A Well, the Gaol is not revenue producing.

Q But does it not in the sense we have just been talking about provide a service to the whole of the province?

A Yes, definitely.

Q And your municipality provides services to it and to its employees?

A That's true, yes.

Q Thank you.

MR. BROWNLEE EXAMINES THE WITNESS:

Q Mr. Clark, while Mr. Harries was questioning you I made a note to ask you, is it not true that the capital expenditures for schools within the town of Fort Saskatchewan made by the Clover Bar School Division are considerably in excess in dollars of the requisition of the Town of Fort Saskatchewan?

A I am afraid I am not quite in a position to answer that, I don't know too much about the present Clover Bar School Division in regards to their expenditures.

Q Well, I have a note of some expenditures, I would like to read the amounts to you for the different years and I want you to tell me whether you think they may be correct or incorrect, and if you don't know I would like you to obtain the information if you could. For the year 1948, the sum of $35,043.00; would you make any comment on whether that might be fairly accurate?

A Is that capital expenditure or operating?

Q Yes, capital?

A No, I couldn't estimate on that.

Q All right, well then I will just read the rest of them:

1950	$14,021
1951	$16,382
1952	$65,677
1954	$151,603

and then there was paid for the site for the high school the sum of $10,000.00?

A I believe that the high school has been, was predominantly there during consolidation, I don't recall any figure of that type ever being before us, of land being bought of that type. I believe that the agricultural, or the elementary school at that time bought a site for a lower grade school, not a high school.

Q Well, I will leave that for the moment. Then I understand that there was the sum of $25,000.00 spent on school equipment; have you any comment on that?

A No, I couldn't, I don't know just the exact expenditures as in regards the school.

Q Well, now, having heard those figures, sir, are you in a position to obtain information and say to me later on whether or not those are correct, would you do that?

A I believe I could obtain that information.

Q And as a matter of convenience I should have totaled those figures, the total I have is $317,726.00. Now, did I understand you to say that, this morning, that you are not prepared to say whether or not the capital expenditures in the Town of Fort Saskatchewan on school does or does not exceed the requisition on the town by Clover Bar School Division? Your tables might show.

A As far as the capital costs, I couldn't make a definite statement on that, but I would like to ask, does that include the government grants within that?

Q Well, my understanding is that it does not. I am suggesting to you that the requisitions since 1948, during that same period I have been talking about, is approximately $100,000.00; is there anyway that you can inform yourself right now on that?

A Yes, I can. Yes, it is within that, you mean from 1948?

Q From 1948 to the present time?

A Yes, it is within that neighborhood.

Q All right, so that if the figures that I have given you turn out to be correct your requisition is about a third, slightly less than or less than a third than the money that has been spent on schools?

A You mean the schools that are --?

Q The capital expenditures on schools in Fort Saskatchewan?

A Yes, but that school at the present time is used by both country and town so wouldn't the actual expenditure, isn't it the expenditure reduced by --

Q Well, that is not my question. There are schools in Fort Saskatchewan on which $315,000.00 odd have been spent, and that exceeds the requisition upon the town?

A That's right.

Q All right. Now, I wanted to ask you, am I correct in my understanding that you obtain your water supply from wells?

A That is correct, yes.

Q And am I correct in my understanding that the City of Edmonton makes a financial payment or contribution to the Town of Fort Saskatchewan from which you finance

Q (Cont.) the digging of these wells?

A That's right, yes.

Q And that payment is made to you by reason of the fact the city is acknowledging the responsibility to you because it has caused some river polution?

A Yes, that's right.

Q Mr. Chairman, I must apologize for now asking Doctor Harries to ask some questions; the truth of the matter is that I have lost my notes I made last night. They must be --

THE CHAIRMAN: Very well.

MR. HARRIES: It was not through lack of homework sir, it is just bad bookkeeping.

MR. HARRIES EXAMINES THE WITNESS:

Q On page 5, sir, you refer to the per capita debt, in the first complete paragraph; now, this per capita debt includes the debt which one might call "town debt", but it also includes the owners share of local improvement?

A Yes, it does, yes.

Q And referring to that I think is evidence from a table which you have at the back, I am sorry I don't see the number on it, the table is entitled "analysis of unmatured debt".

A Yes.

Q This table indicates a per capita debt in 1950 to be $164.22 and in 1954 to be $180.17?

A That's right.

Q Now, am I correct in supposing that if the Town of Fort Saskatchewan followed the procedure used in the City of Edmonton where prepayments of local improvement

Q (Cont.) is encouraged and in some instance insisted upon, that you could immediately cut your per capita debt to something less than $100.00?

A Well, on this point, due to the fact that we have a laboring class of people, I don't think their income would quite make that practical at this time.

Q Do you think that there is a great difference between the income level that you enjoy in Fort Saskatchewan and the income level that is enjoyed in some of the new developments in Edmonton, for example Idylwylde or take some of the developments out to the north and west; do you think there would be any significant difference between the type of people you are providing housing for and the type of people that are being provided with houses in those districts?

A I am afraid I couldn't, not having information of that type, I couldn't make any statement on it.

Q Just from general observation you would not be able to say?

A No.

Q Well, where do the people that live in Fort Saskatchewan work? Primarily industrial, are they?

A Primarily industrial.

Q At the Sherritt-Gordon plant?

A That is true, yes.

Q Do you think the average wage level in the Sherritt-Gordon plant would be below the average wage level for industrial in Edmonton?

A Well, I couldn't, not being familiar with it, I couldn't say.

Q Well, no, I am sorry. On this table "the analysis of unmatured debt", I see that the debt charges as a percentage of your tax revenue in 1954 is approximately the same as they were in 1951?

A That is correct, yes.

Q This indicates, does it, that debt charges are not becoming disproportionate to your tax revenue?

A Well, due to the influx of population up to this point it has brought that figure down too, it has held that figure fairly level, on a level.

Q And the same table indicates that debt charges as a percentage of current revenue have actually decreased by approximately 20 percent?

A Yes, yes, that's right.

Q There is one other question that you might be able to help us with, and that is, as I understand it your sewer system was designed, you anticipated when you installed the sewer system that it was going to last you for 20, it would be 20 years before it was fully utilized?

A That's right, yes.

Q Now, if this sewer system was fully utilized before 20 years, there would be some saving in cost, would there not, that is your unused capacity in the sewer would be, extend over a shorter period and consequently your per unit cost to the people of Fort Saskatchewan would be less over the 20 year period?

A I am afraid I have got a little confused on that, would you mind repeating that?

Q I am sorry. The point I wished to stress, Mr. Clark, was this, that when you put in the sewer system you did not anticipate that it would be fully used until you, 20

Q (Cont.) years had past, is that correct?

A That's right, yes.

Q Now, during any of the years previous to the year number 20 there would be, you would not be using this sewer system of yours to its full capacity?

A Well, that was basically the way the design was, that it would not be.

Q And so the per unit cost of using this sewer because it was not used fully would be relatively high as compared to the cost if it was fully used?

A Yes, it would be, the cost would be a little bit more, yes.

Q So to the extent that you were able to bring this asset, this sewage line into full use within three years instead of waiting for twenty years, there would be some saving?

A Well, no, there could not because although the trunk line, the initial cost of construction of the trunk line would be used to full capacity, part of this was offset due to the fact that we put a distribution system into it, I mean it didn't change the cost of it too much.

Q Well, if it had developed in the way you had anticipated you would still have had to put a distribution system into it, wouldn't you?

A Yes.

Q All right, thank you.

THE CHAIRMAN: Mr. Garside?

MR. GARSIDE: The witness referred to an agreement between the City of Edmonton and Fort Saskatchewan, and I would like to draw to your attention that the agreement is item number 17 of Exhibit number 50,

MR. GARSIDE: (Cont.) in the document entitled "List of Agreements concerning the supply by the City of Edmonton of water, light, power and fire services" and in view of the fact it has been mentioned I will produce to the Royal Commission a copy of the agreement itself. All that is stated in this item there, number 17, is this:

> "July 12th,1951, Town of Fort Saskatchewan. Agreement whereby Edmonton undertakes to pay to the town $27,000.00 as a contribution to the town towards the cost of construction in the town of wells to obtain a supply of potable water for inhabitants of the town, because of the fact the Town of Fort Saskatchewan, being adjacent downstream from Edmonton could not use the North Saskatchewan River as the source of a potable water supply because of uncompleted city sewage disposal system."

MR. ROBISON: Mr. Garside, you won't mind my saying that the use of the word "potable", traditionally is not confined to water.

(Laughter.)

MR. GARSIDE: No, sir.

MR. GARSIDE EXAMINES THE WITNESS:

Q There is one more question I would like to ask the witness. In the prior proceedings before this Royal Commission a reference has been made to a payment by the rural municipality of Strathcona to offset any extra cost which might be occasioned to adjacent cities, to the City of Edmonton by reason of having to educate the children of the persons who were working in these

Q (Cont.) factories; in your opinion would such a payment be sufficient to solve the difficulties which the Town of Fort Saskatchewan is facing?

A I'm afraid I don't quite follow that question there.

Q We will start again. The rural municipality of Strathcona in prior proceedings before the Commission had actually made some sort of an offer to pay to the City of Edmonton a certain amount which was presumably to cover extra costs incurred by the City of Edmonton in relation to the education of the children of the plants in Fort Saskatchewan; now, assuming that they did that, would that solve the difficulty facing the City of Edmonton in relation to the extension of the population outside the boundaries and all the other problems which are to be faced by reason of an expanding population?

A Well, indirectly at the present time we do benefit by the fact of the plant being there due to the fact that we are within a divisional area of a school district.

Q Oh, yes, that's right. Yes, that's right. That is not the case in Edmonton.

THE CHAIRMAN: Mr. Park?

MR. PARK EXAMINES THE WITNESS:

Q Mr. Clark, getting back to this matter of land sales, the town undoubtedly realized a benefit from the sale of certain lands that it had been holding for many years, is that correct?

A That's right, yes.

Q And are you familiar at all with the price charged to the purchasers of those lots, what the average price was?

A Those lots as were sold were sold between $400.00 and $500.00 so that at that time under National Housing Regulations on the downpayment of the property that the lots would come in under their regulations.

Q And do you know if any of those lots were acquired by the town during the depression for taxes, on tax recovery proceedings?

A I wouldn't care to answer that, I am not quite familiar with it.

Q You don't know; and you propose, or I should say the town proposes to sell the lots which it will be selling over the course of the next few years in lands which it will acquire or may acquire at roughly the same price as it has been disposing of lots in the past?

A Yes, roughly within that price range.

Q And would you say then that the town, if it has realized benefit on the sale of the lots that it has been holding in the past, that that is a benefit that is not likely to be a recurring benefit?

A Yes, that is true.

Q And would you also say that the town's policy regarding sale price of lots, having regard to that, that the sale price policy will be roughly the same?

A Yes, it would be roughly the same.

Q Yes. Now, regarding the Provincial Gaol, are there any residences in the Gaol premises?

A Yes, there is at the present time.

Q How many, approximately?

A I believe there are at present there are about five houses on Gaol property.

Q With children living in those houses and being brought up by their parents?

A Yes, there are children living there.

Q And do those people pay taxes at all?

A No, nothing.

Q And do they contribute, they don't contribute to the education financially, they don't contribute to the education of their children?

A No.

Q By way of taxes?

A No, no, they don't.

Q Are you familiar with the policy of the federal government in giving grants under similar circumstances where a federal institution is involved?

A No, I am not familiar with that.

Q You are not familiar with that. Now, regarding the investment that the town, inside the limits of the town in school property; would you say, would it be fair to say that the capital investment made within the town's corporate limits was made not only for the benefit of the town but for the area at large surrounding Fort Saskatchewan?

A Yes, that would be so because there is children from the country and the town attending the classes.

Q Have you any idea of the proportion of children at the present time that are attending from the town and from the outlying area?

A I believe at the present time, the figure as I recall, the town is predominantly the larger of the, attending at the school.

Q Have you any, can you give a rough estimate at all?

A I would say that the town is roughly about 70 percent of the attendences in the school at the present time.

Q And does the town give any other benefit to school children, I believe there is a community hall?

A Yes.

Q And what use is that made of by the school?

A Well, at the present time, practically during the whole of the school attendence days we have the community hall and it is given to the school for a very nominal rental for use of physical education and recreational facilities of which there is not any at the present in the town supplied by the school.

Q And how much did that community center cost, have you any idea?

A No, I haven't.

Q And how much do you charge?

A We, I think it is in the neighborhood of about $60.00 a month.

Q I see. Now, getting to the matter of the grants by the City of Edmonton to the town in respect to water polution; how much annually are those grants at the present time?

A The grant is $3,000.00 a year at the present time.

Q And for how many years will that continue?

A 1955 is the last year of the agreement.

Q And how much over the period that the grant will be paid, what will be the total amount paid by the city to the town?

A It is $27,000.00.

Q And how much has it cost the town to install the water pumping units, what roughly would be the capital cost

Q (Cont.) of that part of its water work system, have you any idea?

A No, I haven't, definitely, I couldn't, I wouldn't care to state that at the present time.

Q Could you express an opinion whether the city grant in large measure covered the capital investment the town has had to make?

A No, I don't believe they would cover them.

Q And is it a more costly system for the town, a more costly system to install, the system of obtaining water from the North Saskatchewan river, or is the system of getting it from deep wells, is that more costly?

A Predominantly the well is the more costly of the two because you have more machinery involved and you have a duplication for every well that you drill.

Q And do you think that the amount that the city is paying would cover the difference in costs?

MR. ROBISON: Did you say the city?

Q MR. PARK: That the grant by the city, that the city grant would cover the difference in cost between the two systems?

MR. ROBISON: Oh, I am sorry.

A I am afraid I could not make a definite statement on that, I couldn't, I haven't studied that.

Q MR. PARK: On the matter of the estimates of population, there was an estimate made by Associated Engineering Services in what year?

A I believe an estimate was made between, the original estimate was made in 1946 and I believe it was revised in 1949 for the installation of the original system in 1950.

Q And that was the estimate of 2500?

A That is correct.

Q And was that estimate made before there was any talk of the location of the Sherritt-Gordon plant in the area?

A Yes, that was made before we ever knew that there was anything of that type to go into the area.

Q And the present population of the town is approximately what?

A Oh, it is an estimated population of around 2200 at the present time.

Q So that it has, it is just 300 short of the estimate made by Associated Engineering Services?

A That is correct.

Q And for what future period of time was that estimate by Associated Engineering Services made, how far ahead were they looking, do you know?

A Well, it is probably the life of the debenture, which is 20 years.

Q Now, you stated that you thought that the majority of the persons employed in the town, the larger proportion of them were employed at the Sherritt-Gordon plant; would you consider that statement again, do you think that is a fair estimate or would you say that there are having regard to the people that you know working around the town?

A Well, when you take into consideration the number of people working at the Provincial Gaol and predominantly around the town I would revise that, that it may be about 50 percent either way.

Q Thank you.

MR. ROBISON: Mr. Park, for the record would you state the authority for the federal government paying grants on the basis of these penitentiaries, is that the Municipal Grants Act, an Act respecting municipal grants?

MR. PARK: We shall obtain the information and the correct reference and submit it to the Board for the record.

MR. ROBISON: Put it in the record?

MR. PARK: Yes.

THE CHAIRMAN: Mr. Clark, that completes your examination for the moment?

MR. PARK: That does, sir.

THE CHAIRMAN: Yes, well, the Commission will take a recess until 11:10.

(At this point the Commission recessed for a brief period and resumed.)

PROCEEDINGS AT 11:15 A.M.

MR. PARK: Mr. Chairman, before we continue, during the intermission I have had regard to statutes and I find that the authority for the Federal Government making such grants is contained in The Municipal Grants Act, Chapter 182 of the Revised Statutes of Canada, 1952.

MR. ROBISON: That's what I thought.

THE CHAIRMAN: Mr. Park, before the examination of Mr. Clark is resumed, we are a little worried about the two documents to which you made reference at the opening of the session this morning. There is no possibility of getting that budget before adjournment, is there?

MR. PARK: We have the documents prepared, sir, and if the Commission prefers, we shall put them in at this point.

THE CHAIRMAN: Very well, I think that would be very helpful.

MR. PARK: But, if you would bear in mind, sir, that they were prepared last evening and only been typed this morning and they may contain one or two errors. If you realize that they have been prepared in haste.

THE CHAIRMAN: We will take all that into account, Mr. Park. Are there two documents, Mr. Park?

MR. PARK: No, the other matter, the figures will simply be submitted.

THE CHAIRMAN: Then this pro forma budget, that is what it is, this that you have handed me is the budget?

MR. PARK: That is, sir.

THE CHAIRMAN: Then, this will be received as Exhibit Number 152E and so marked.

PRO FORMA BUDGET IS ENTERED AND MARKED EXHIBIT 152E.

THE CHAIRMAN: Do you wish to comment on this, Mr. Park, or at least, to question the witness on it?

MR. PARK: I think we should, sir.

MR. PARK EXAMINES THE WITNESS:

Q Mr. Clark, have you a copy of this?

A I'm afraid I haven't.

Q You have prepared the pro forma budget that has been submitted to the Commission?

A I have.

Q And would you in your own words, we shall go down the items listed in the 1955 budget and the 1955 plus one budget, the individual items, and as I read them off, would you make any comments that you wish on those items?

The first item is population. I think that is self-explanatory. Assessment $1,519,750.00 for the year 1954; for the year 1955 $1,800,000.00, and for the year 1955 plus one, the same. Have you any comment on that at all?

A Well, only to state that that is predominantly our residential assessment due to normal increase of, through the building program that took place in 1954.

Q And the business assessment is the same throughout,

Q (Cont.) you show for the year 1955, the five plus one, the additional assessment of $5,000,000.00 for Sherritt Gordon, is that correct?

A That's right.

Q And on what do you base that figure of $5,000,000.00?

A That figure was tentatively given to us last night here at the Commission that it would be in the neighborhood of $5,000,000.00. That is the only figure we had to base that on.

Q MR. ROBISON: Where did you get that information?

A I believe one of the Commissioners said that, they asked for this last night, on the proposed assessment of around $5,000,000.00, which is what the M.D. is, an approximation of the M.D.'s figure for 1955 for the Sherritt Gordon plant.

MR. DAVIES: I made a statement, Mr. Chairman, to the effect, from memory, I prefaced it by saying that I thought the plant had cost fifteen or sixteen million, from memory, and I thought from memory that it was going on the role at somewhere around five million. It was all subject to those limitations. Mr. Brownlee wants to say something.

MR. BROWNLEE: Mr. Commissioner Davies, just to the extent that it may be helpful to the Commission; I am advised that in the opinion of the municipality's assessor, 2.5 million would probably be a top assessment.

MR. PARK: And I wish to make a correction in what I said about the third column being 1956,

MR. PARK: (Cont.) actually what it is is a 1955 budget but made on the assumptions as set forth at the bottom of page 2.

Q MR. PARK: Mr. Clark, the matter of expenditures, you show a slight increase from $12,237.00 for general government expense to $14,000.00, is that correct?

A That's correct, yes.

Q And the reason for that?

A Well, administration costs are continually increasing and it would increase a slight amount to the effect of the larger area that we are considering.

Q Protection to persons and property $6,923.00; $11,500.00, and $14,000.00. I assume that covers police protection, does it?

A Police and fire protection and street lighting and things of that nature, yes.

Q You anticipate a general rise of approximately four and a half thousand dollars this year that the town will have to expend?

A That's right.

Q And you anticipate that if these other assumptions were to come into effect, that there would be further expenditure in the sum of $2500.00?

A Yes, that's right.

Q Would you elaborate on that?

A Well, due to the larger area, it would take a greater area covered by street lighting and it also would have to be covered by police

A (Cont.) protection which would constitute an added expense in that item.

Q Regarding public works, 1954 $21,164.00; 1955 $25,164.00, and 1955 third column $30,000.00. What does the item "public works" cover?

A Well, it covers maintenance of streets and gravelling and items of that nature to the extended area of the town in regards to roads and things like that.

Q And again the same reasoning that applied to the preceding item would apply to this item?

A Yes, it would.

Q "Health" $1,061.00 for 1954; 1955 $6,000.00, and on the third column again $6,000.00. Would you elaborate on that?

A Well, the health service we provide at the present, we have an agreement with the hospitals and it is, this item of, due to the big increase between '54 and '55 is that '54, the contract was entered into only for the half year, and the normal increase to '55 would be around $6,000.00, and with the extended area there is such a small percentage of population within that area, that it wouldn't increase it to any great extent, so we estimate it at approximately the same figure.

MR. DAVIES: Mr. Clark, while these calculations are being made by Mr. Park, going back to the question of the amount of this assessment on Sherritt Gordon, when the M.D. of Strathcona were before the Commission before Christmas, the situation was,

MR. DAVIES: (Cont.) I think I remember this correctly, that in 1954 they made what they called a token asssessment on the Sherritt Gordon plant of $500,000.00.

Now, if you have to realize your budget by putting this in at a maximum assessment of two and a half million, that calculation could be made fairly rapidly, and the only difference it makes is the difference in the mill rate that you show of 18.5, is that right?

A That's right.

Q MR. DAVIES: Possibly you will make that calculation for us?

A Yes.

Q MR. DAVIES: Or have it made by your assistant.

Q MR. PARK: On social welfare, 1954 $448.00; 1955 $1,000.00 and the third column $1,000.00. Would you elaborate on that please?

A Well, enclosed in the social welfare is indigent relief and items of that nature, and the normal increase in population tends to bring a normal increase in the costs of this, so we estimated this in the neighborhood of $1,000.00 for this next year.

Q And the next item "recreation and community services" 1954 $3,474.00; 1955 $4,000.00, and the third column $5,000.00. Would you elaborate on that?

A Well, one of our big reasons for the increase there, at the present time we have very few recreational facilities and we are definitely going

A (Cont.) to have to provide these recreational facilities to the public, so we estimate it at an increase every year in this particular department.

Q Is there any reason why the increase should be slightly higher in the third column rather than in the second column?

A Only due to the extended area that we may have to provide additional facilities for.

Q Then on debt charges; 1954 $18,899.00; 1955 $22,166.00, and the third column $71,166.00. Would you elaborate on those figures?

A Well, the present debt charge for '55 is -- that item is definite, I mean, $22,166.00 on our present debenture debt, and if the town intends to expand, we definitely have to incur a large capital expenditure to increase our water facilities and our sewer facilities, which would necessitate the borrowing of, I believe an approximation of $700,000.00 additional dollars, which would bring the debt charges to the $71,166.00.

Q Utilities, 1954 $6,287.00; 1955 $7,200.00, and the third column $7,200.00.

A This figure is merely the frontage tax chargeable against the property owners as on the local improvement of the distribution system.

Q And the item "provision for uncollectible taxes", there is a mistake in spelling there, 1954 nil; 1955 $4,000.00, third column $4,000.00.

A This item is merely a bookkeeping item of the uncollectibles which incur in any one year, and

A (Cont.) you have to estimate what is going to incur, and taking into consideration the amount of the arrears in the previous year.

Q "Health unit" 1954 $960.00; 1955 $1,100.00, third column $1,100.00.

A At the present time in this item of "health unit" we are, we have an agreement with the Leduc-Strathcona Health Unit and the increase is due, it's based on assessment and the increase is due to increase in assessment.

Q On tax discounts and other expenditures $6,000.00 for 1954; 1955 $6,000.00, and third column $20,000.00.

A This item in consideration here is the discount allowed on the taxes. Consequently bringing it over to '55. If we realize more taxes, then we have to realize, we have to allow for more discount.

Q In other words, you would assume that if Sherritt Gordon were taxed by the town, that Sherritt Gordon would take advantage of the opportunity to obtain a tax discount?

A That's true.

Q And the larger portion of the $20,000.00 -- of the $14,000.00 increase in the third column would be attributable to a probable taking of a discount by Sherritt Gordon?

A That's right.

Q Capital expenditure provided out of revenue, 1954 $16,000.00; 1955 $14,000.00, third column $20,000.00.

A These items here, the $16,000.00 item, I might add,

A (Cont.) in 1954 was strictly protection to persons and property through the medium of the fire department and bring it in 1955, we are definitely going to have to make new areas to install this equipment in. We have equipment and we haven't anything suitable for it, and the normal increase would be due to the normal larger area in the 1955 estimate with Sherritt Gordon.

Q Turning to the revenue side: licenses and permits, 1954 $2,357.00; 1955 $2500.00; third column $2500.00. I think that is a fairly stable item and need not be mentioned. Rents, concessions and franchises, 1954 $4,357.00; 1955 $4,500.00; third column $4,500.00. Again I don't think there is need for comment. Fines: 1954 $2,020.00; 1955 $3,000.00; third column $3,000.00. There is a slight increase there.

A Due to increase in population we estimate a slight increase in the nature of our fines.

Q Interests, tax penalties etc.: 1954 $512.00; 1955 $550.00; third column $550.00. Again that is a stable item.

Service charges: 1954 $10,382.00; 1955 $11,000.00; third column $11,000.00. Again a stable item.

Recreation and community services: 1954 $121.00; 1955 $400.00; third column $400.00.

A Within that recreation and community services we include within that, included in there is the

A (Cont.) cemetery, and we are, our actual revenue in 1954 was totally cemetery, but we do have planned an open air rink and which we plan on a small amount of revenue from, and that was due to the increase to bring that to $400.00.

Q Municipal assistance grants: 1954 $11,327.00; 1955 $15,000.00; third column $15,000.00.

A Under the Municipal Assistance Act, of course, it is based strictly on population, and as we have a population increase, we anticipate an increase in the payment from the Provincial Government.

I might add at this time that the grant, I believe, from the City of Edmonton -- no, I'm sorry, it's a separate item here.

Q THE CHAIRMAN: Mr. Clark, would the same comment on the hospital grant be true? It seems a large increase you have anticipated. Would that be due to increase in population?

A Yes, due to the added increase in population.

Q MR. PARK: /Hospital grant: 1954 $500.00; 1955 $3,000.00; third column $3,000.00, and City of Edmonton grant $3,000.00 in all three columns. There is no --

A It's fairly stable up until this year.

Q That is the water pollution grant?

A That's right.

Q Surplus utilities: 1954 $10,959.00; 1955 $11,000.00; third column $11,000.00. Perhaps I should read these figures and the following figures and you might make a few words of explanation to the Commission about those figures.

Q (Cont.) The next set of figures, debenture debt recoverable: 1954 $1,705.00; 1955 $1,705.00, and third column $1,705.00.

A Well, the $11,000.00, the item that we have here as surplus utilities is directly bearing on the debenture debt recoverable which, as near as we can find from our audits was $1705.00, and it isn't a definite accurate figure. There should be quite an increase in that $1705.00 which would offset the $11,000.00 figure.

Q In other words, in going back over the audited statements of the town for previous years an error has been found, is that correct?

A That's correct.

Q And actually the figure for debenture debt recoverable $1,705.00 as shown in the official reports and also in the table two of the town's submission to the Commission, that figure is not actually correct, is that right?

A That's correct.

Q And the difference, however, in this pro forma budget has been taken up by surplus utilities, is that correct?

A That's correct.

Q And roughly how much of the item "surplus utilities" is actually debenture debt recoverable? -- this is why we wanted to have the lunch hour to go over the matter.

A Those figures are practically reversible; the surplus should be around seventeen hundred and

A (Cont.) the debenture debt recoverable should be in the neighborhood of around $11,000.00.

Q Sales of lots: 1954 $26,000.00; 1955 $5,000.00; third column $5,000.00.

A Well, the decrease in this is practically due to the fact that the doctrine of the council of the fact of selling lots for practically cost and as they are, we have to buy the property at the present time for these lots, and then, of course, that figure would naturally fall.

Q THE CHAIRMAN: Twenty-six thousand is revenue from property which you have held?

A Yes.

Q MR. DAVIES: Mr. Clark, you didn't make any comment on that hospital grant item, $500.00 in the year 1954 and the next two columns, $3,000.00.

A That hospital grant is the 50 percent to which the Government reimburses us on the cost of hospitalization. Now, the $500.00 figure is based on the half year the agreement was in effect in 1954, and the figure three thousand is half of the figure we estimate to expend, which is recoverable from the Provincial Government. Does that clarify that situation?

MR. DAVIES: That is clear, thank you.

Q MR. PARK: Your other revenue: 1954 $56.00; 1955 $200.00; third column $1,200.00. There is no comment, or, perhaps you had better make a comment on the $1,000.00 increase in column 3.

MR. ROBISON: I don't think the Commission would worry too much about that. I would point out to you though

MR. ROBISON: (Cont.) that your totals are incorrect. The right hand column should be $61,000.00.

Q MR. PARK: Business tax: 1954 $4,500.00; 1955 $5,800.00, and the third column $5,800.00. Would you comment on that?

A Well, the reason for the increase there, we have the odd small business at the present time starting up. We have nothing of a major business within the area of the town and we don't estimate any additional revenue within that particular figure.

Q And your real property tax: 1954 $40,646.00; 1955 $47,975.00, and third column $121,311.00.

Q MR. DAVIES: Could I interrupt you there? On that item of business tax, wouldn't you be imposing a business tax on the Sherritt Gordon property? You have got the 1955 second column at fifty eight hundred, the same as your 1955 first column.

A Well, that's why we used that $5,000,000 figure. we took an average in there so that we would arrive at the actual business tax as near as we could approximate on Sherritt Gordon.

Q MR. PARK: Mr. Clark, is it not correct that actually your additional assessment on Sherritt Gordon is covered completely in the increase in real property tax and that no allowance has been made for a business tax on Sherritt Gordon, isn't that true?

A That's right.

Q The next item, real property tax: 1954 $40,646.00; 1955 $47,975.00; third column $121,311.00, and as I

Q (Cont.) have stated previously and as you affirmed, the large increase in column 3 is attributable to the taxes that would be chargeable to Sherritt Gordon.

A That's right.

Q Frontage tax: 1954 $6,289.00; 1955 $7,200.00; third column $7,200.00, roughly the same item?

A Yes.

Q Your mill rate municipal and hospital: 1954 21; 1955 expected mill rate 26.5, and third column 18.5.

A Well, that's just a matter of arithmetic to figure it out, what monies you are going to need on your estimated budget.

Q We have had a calculation made that if the Sherritt Gordon assessment instead of being $5,000,000 was instead the lower figure of $2,500,000, that the mill rate instead of being 18.5 would be 28, approximately 28.

MR. MOFFAT: I wonder if I might make a comment in connection with that same thing? I am looking at Exhibit 69E which was put in by the assessor for Strathcona, and in that he shows the Sherritt Gordon plant under his total cost column as $20,000,000. The figure has been talked about as twenty five million sometime, but his exhibit shows twenty million. Now, Imperial Oil he shows as eighteen million, and his assessment is almost five million on that. B.A. he shows as six million cost with an assessment of two and

MR. MOFFAT: (Cont.) a half million. McColl-Frontenac a cost of about seven million and an assessment of two million three hundred thousand. If Sherritt Gordon is anywhere near twenty million cost, I can't reconcile that with the suggestion that the assessment would only be two and a half million.

MR. DAVIES: On the other hand, Mr. Moffat, the cost of the Canadian Chemical Plant was around seventy five million and the assessment finished off at about seventeen million two hundred thousand, if I remember rightly.

MR. MOFFAT: Which is roughly 20 percent of cost which would be four million on the Sherritt Gordon.

THE CHAIRMAN: I think for our purposes this information is all that we require.

MR. PARK: And I have the information --

MR. DAVIES: Just a minute, Mr. Park, could I interrupt you there. When that calculation of approximately 28 mills was made, I presume that Mr. Haljan didn't make any allowance for the fact that the tax discounts would drop, would be cut in half.

MR. HALJAN: That is correct.

MR. PARK: So that would mean a further increase, slight increase in the mill rate to take care of that item, is that correct? No --

MR. DAVIES: That is the opposite because that's an expenditure that you wouldn't have.

MR. PARK: That's right.

Regarding the town's borrowing position, the information that Mr. Commissioner Blackstock

MR. PARK:(Cont.) requested, the 1954 assessment of real property is $1,519,750.00. The amount that the town is allowed to borrow on this assessment is $303,950.00. This is exclusive of the owner's share of local improvements.

The present debt of the town is $171,000.00.

MR. BLACKSTOCK: That is the town's share exclusive of local improvements?

MR. PARK: That is correct, sir.

MR. BLACKSTOCK: One hundred and seventy-one thousand?

MR. PARK: And $171,833.00 is the exact figure on table 4.

MR. BLACKSTOCK: You have a borrowing power left of roughly $132,000.00.

MR. PARK: That is correct, and the estimated real assessment for 1955 is $1,800,000.00, and this would increase the town's borrowing power to $360,000.00, and deducting from that the present debt of one hundred and seventy-one thousand, and the town would have a borrowing capacity of $189,000.00.

THE CHAIRMAN: Excuse me, Dr. Harries, do you want the figure repeated?

DR. HARRIES: I was going to say, in that 1955 projection you are using one hundred and seventy one eight three three. Doesn't that go down, would there not be another payment made on that before you added the other to get your net?

MR. PARK: The difference would amount to approximately $10,000.00, and for the Commission's information the estimated $700,000.00 additional capital expenditure,that is itemized on page 7 of the brief submitted.

MR. BLACKSTOCK: On the assumption that the Sherritt Gordon assessment would be two million five, the borrowing power arriving from that source coupled with what you now have, and on the assumption that part of your $700,000.00 would be raised by local improvement, then you would have ample borrowing power left.

MR. PARK: Yes, that's correct, sir.

THE CHAIRMAN: Dr. Harries?

DR. HARRIES: For the information of the Commission I have one or two questions which I think might properly fit in here so that they could be considered over the lunch hour.

The first question relates to the growth of population. As I understand the brief, the figures in the brief, they indicate that the population in 1953 was 1650; 1954 2200, and it is estimated in 1955 there will be 2600. So the relationship between '53 and '54 as compared to the relationship between '54 and '55 would be that there are 550 people came into Fort Saskatchewan between '53 and '54, and 400 between '54 and '55. That's the population growth, so that I would presume that expenditure or revenue figures which are based on population

DR. HARRIES: (Cont.) growth would bear the relationship of five hundred and fifty to four hundred from '53 to '54 and '54 to '55.

In that connection, I note from the table to be found at the back of the submission, table 2, that your 1953 expenditure on administration was $6900.00, and then with the population increase of 550 people it became $12,000.00, but then with a population increase of 400 anticipated for next year, it goes up only $2,000.00. On the other hand with protection to persons and property your 1953 expenditure was approximately $6600.00, with an increase of 550 people it went up to sixty nine hundred, but with an increase of 400 it now goes up approximately $4,000.00, and the same, there are similar differences between the '54 actual and the 1955 budget when you compare them with '53, which I thought it might be useful to the Commission to have examined over the lunch hour.

There is one other point in connection with the relationship between debt charges and the amount of debenture debt recoverable.

The relationship in 1954 between local improvement debt and the total debt was about 60 percent, that is 60 percent of the total debt was owed by property owners, and this would indicate that under your expenditure side where you have debt charges of eighteen thousand eight plus the six thousand, that you have got

DR. HARRIES: (Cont.) twenty five thousand there as an expenditure, and offsetting that on your revenue picture you have debenture debt recoverable, and your surplus, which I understood should be treated together, of about twelve thousand, there the ratio is about 50 percent, but when you get to your projection for 1955 you have a recoverable of only approximately thirteen thousand and expenditure of seventy one thousand. Now, if there is any relationship between the debenture debt owing by the citizens and the debenture debt owing by the town, should be about 60 percent of that in the recoverable.

And the other point is that there is quite a difference between '53 and '54 government grants.

If you notice, in 1953 in the statement in table 2, the grants and subsidies amounted to $25,786.00. As I interpret the statement which is filed, the municipal grant, the hospital grant and the City of Edmonton grant amount to only $14,827.00. There has been an increase from sixteen thousand eight hundred and ninety eight in '53 of grants to twenty five thousand seven hundred and eighty six, which I understood the witness to say came about because of population increase. If there was a similar population increase, and a similar increase in grants, instead of being at the level which I think the statement

DR. HARRIES: (Cont.) indicates to be about $16,000.00, it would be about $35,000.00 on the revenue side.

MR. BLACKSTOCK: Well, Dr. Harries, for my part, I regard this document as a very intelligent guess based upon some firm factors; based upon a number of factors which themselves are only an intelligent guess. Now, may I suggest that we will waste an awful lot of time. You are making some intelligent guesses yourself, very intelligent, but when we are all through, each one of us around the table and on the bench could arrive at our own intelligent guesses and what would the result be? We have some notion of what might happen if the Sherritt Gordon plant was in Fort Saskatchewan. Now, can we go any further usefully?

DR. HARRIES: The only thing I thought, sir, was that in making a guess, usually try and keep some consistent pattern between the previous year and the one that you are guessing for, and I didn't see that the pattern, and I wondered whether it wouldn't help the Commission to have it explained, and particularly inasmuch as the seventy one thousand constitutes the major item in the case of Fort Saskatchewan. There seemed to be such a difference there that I thought that might be worth an explanation, but I certainly don't want to carry the matter any further than that.

MR. MOFFAT: Mr. Chairman, I wonder if I could make one comment on what Commissioner Blackstock has just said.

MR. MOFFAT: (Cont.) I agree 100 percent with what he has said, what we are into here is intelligent guesses, and that applies for Exhibit 100 which is the corresponding exhibit on behalf of the city.

The one comment I would like to make though is that I would like to see in here also something dealing with school requisitions which is not dealt with at all in the --

MR. PARK: I think, didn't that come out earlier this morning that --

MR. MOFFAT: Not in the projection effect of bringing in the --

MR. PARK: As I understand, the area outside the town and the area inside the town are both under the same school authority and that as far as schools are concerned it wouldn't make any difference.

MR. MOFFAT: Except that you are now proposing to bring in a piece of Sturgeon School Division across the river.

MR. PARK: Across the river.

MR. MOFFAT: And also that you will be getting involved in a different number of students, because presumably you will be adding in some students, so that we need some discussion on the school thing as well before we would have --

MR. DAVIES: Wouldn't that factor, Mr. Moffat, be extremely small because the assessment remains, a substantial part of it remains in the same

MR. DAVIES: (Cont.) school division and I think that that factor would be practically negligible.

MR. MOFFAT: I was only raising it that in order to form intelligent guesses, as Commissioner Blackstock suggested, we would need to look at school as well as municipal.

THE CHAIRMAN: Mr. Park, this will not be a guess, this will be a fact. Are you intending to continue cross-examination of this witness yourself after the adjournment or does the Commission take over at that point or are there other questions on the part of any other members? -- they seem to indicate not, that there are none unless you propose to ask further questions yourself?

MR. PARK: If the matters raised by Dr. Harries are to be gone into, we would prefer to call Mr. Haljan to the stand in order that he may go into it because we think he is the person that is properly qualified professionally to deal with the questions he has raised.

As far as Mr. Clark is concerned, we are through with our examination of him, and it is a matter of him being examined by the other persons present, and then there is the question of Mr. Gertler.

THE CHAIRMAN: Yes.

MR. PARK: His testimony.

THE CHAIRMAN: First of all, I shall like to say that unless Dr. Harries insists on something further, then we will regard, as Commissioner Blackstock

THE CHAIRMAN: (Cont.) has said, all the intelligent guesses that we have had before us as sufficient.

DR. HARRIES: That is perfectly agreeable with us.

THE CHAIRMAN: Then in that case, if Mr. Park and Mr. Clark will return at two, the Commission may have some questions to ask him. In the meantime, Mr. Gertler, I shall like to speak to you and see if there are questions which you wish to ask of the witness or whether you have any contribution to make this afternoon. It was really on my suggestion that you were invited to come and I shall like to ask you about one or two things.

MR. ROBISON: Mr. Chairman, I would like to say just a word before we rise. I am sure that Dr. Harries and Mr. Brownlee are anxious to get the Strathcona brief in the record during this sittings, and it would be my personal hope that we could get that into the record this afternoon without in any way derogating from the rights of Fort Saskatchewan.

THE CHAIRMAN: That's what we hope.

MR. BROWNLEE: Mr. Chairman, I might say, I am sorry, sir, arising of what Commissioner Robison has said, I think we may anticipate that the reading of the brief will take a substantial time.

THE CHAIRMAN: Yes, we do anticipate that, and we are expecting that the Reeve will present it.

MR. BROWNLEE: Yes.

(At this point the Commission stood adjourned until 2:00 p.m. same date and reconvened.)

Discussion.
Adjournment.

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THE CHAIRMAN: (Cont.)

guesses that [illegible]

DR. HARRIS: [illegible]

THE CHAIRMAN: There is much [illegible]

Mr. [illegible]

have a [illegible]

Mr. Chairman, I [illegible]

see in [illegible]

of the witness [illegible]

to make this [illegible]

suggestion that [illegible]

shall like [illegible]

MR. ROBISON: Mr. Chairman, [illegible] to say just

a word before [illegible]

Harris and Mr. [illegible]

Saskatoon [illegible]

situation, [illegible] my [illegible] that

we could get that into the record [illegible]

without any [illegible] from the [illegible]

of the [illegible] Saskatchewan.

THE CHAIRMAN: That's what we [illegible]

BROWNLEE: Mr. Chairman, I might say, I am sorry,

sir, [illegible] of what Commissioner Hudson has

[illegible] think we may anticipate that the reading

[illegible] brief will take a substantial time.

THE CHAIRMAN: Yes, we do anticipate that, and we are

[illegible] the Leaves will present it.

PROCEEDINGS COMMENCING AT 2:00 P.M.

MR. GARSIDE: Mr. Chairman, perhaps you will permit me at this point to file another exhibit; this is a plan which I have had prepared of the City of Edmonton to show additions of territory to the City of Edmonton.

THE CHAIRMAN: The same as this map only without all the confusing lines; is that right?

MR. GARSIDE: Yes, that's right.

MR. MOFFAT: Except that it goes away back to the beginning of the Town of Edmonton and shows each extension.

MR. GARSIDE: I have shown here in different colours the areas which were added to the City since 1892.

THE CHAIRMAN: Well, that's before my time, Mr. Garside. Mr. McGruther, this will be Exhibit 153-E?

MR. McGRUTHER: Yes sir.

REVISED MAP AS PRODUCED IS MARKED EXHIBIT 153-E, AND PUT IN.

MR. MOFFAT: Mr. Chairman, there is one other exhibit which might be filed at the same time, please.

MR. DAVIES: That last exhibit was 153-E?

THE CHAIRMAN: Yes, and this will be 154-E -- if there is another one to come now. What is this, Mr. Moffat?

MR. MOFFAT: This is a population growth table of the City divided between the north side and the south side. The figures were already put in for the

MR. MOFFAT: (Cont'd) total population increase, but this is divided up between the north side and the south side.

MR. McGRUTHER: 154-E.

MR. MOFFAT: You might call this "City of Edmonton Population, north side and south side".

CITY OF EDMONTON POPULATION, NORTH SIDE AND SOUTH SIDE, THE TABLE AS PRODUCED, IS MARKED EXHIBIT 154-E AND PUT IN.

THE CHAIRMAN: At the time of adjournment I stated that we should proceed this afternoon with cross-examination of Mr. Clark on the part of members of the Commission, I having assumed that the other questions that were to be asked or which was desired should be asked had been already exhausted. Now, I will begin with you, Mr. Robison.

MR. ROBISON: No questions, Mr. Chairman.

THE CHAIRMAN: Mr. Davies?

JAMES CLARK, recalled, examined on his former oath by Mr. Davies, testified as followes:

Q Mr. Clark, can you tell the Commission how many employees there are at the Provincial Gaol.

A I'm sorry, I don't have that figure at the present time.

Q Will you keep in mind that that is a figure we might be interested in later on; and also how many employees at the Provincial Gaol have homes in the Town of Fort Saskatchewan -- will you keep those in mind? Would you tell us, please, what the arrangements

[illegible] population increase.

[illegible] north side [illegible]

MR. [illegible]: You might call this [illegible]

Edmonton Population, north side [illegible]

[illegible]

MR. [illegible]: [illegible] stated that we should proceed to [illegible] attention with [illegible] Clerk [illegible] [illegible] merits of the Complaints. I [illegible] stated that the other questions that were [illegible] asked or which was desired should be asked has been already [illegible] stated, now, I will refer [illegible] you.

MR. ROBINSON: No questions, Mr. Chairman.

THE CHAIRMAN: Mr. Davies?

JAMES CLARK, recalled, examined on its former oath by Mr. Davies, testified as follows:

Mr. Clark, can you tell the Commission how many employees th[illegible]

Q (Cont'd) are with respect to hospitalization of people who live in the town in view of the fact you say in the brief there is no hospital?

A We at present have an agreement with the City hospitals and the hospital at Lamont under a contract agreement with these hospitals to hospitalize the people in the town.

Q Will you tell the Commission, please, what municipal services the gaol buys from the town?

A At the present time, the gaol -- we have a rental agreement with them to supply them water for the use of their elevated tower -- that's the only services at the present time that we are supplying them, directly to the gaol.

Q That is, the water supply?

A Yes.

Q Have they their own sewage system?

A That's true.

Q That's by a septic tank?

A That's true.

Q They have their own fire protection, then, too?

A That derives directly from the water; I mean, they do have a small protective service of their own at the gaol at the present time.

Q Have you anything in the nature of a fire engine?

A Yes, we have two.

Q Motorized?

A Yes, both of them; one of them is a new unit in which we had a capital expenditure of approximately $16,000.00 in 1954.

Q Is your department voluntary?

A Yes sir.

Q How many in it?

A We have 22 members on our department.

Q Would you tell us about your business tax? You don't assess personal property or inventory or stock in trade, but you have a business tax; is that right?

A That's right.

Q How is that computed?

A On a square footage basis of the business area of the business concerned, and it varies according to the business. It is computed strictly on a square footage basis.

Q I have no more questions, Mr. Chairman, but I want to suggest -- and I think I do with the concurrence of the other members of the Commission -- that in the intervening time between now and when we will be back here that you should find out what accurate information we need from the municipal district of Strathcona in respect of assessment of any area that you are thinking of taking in, and that you should possibly compute a budget. Now, that would be more accurate than what we had today, and that would, of course, include the portion that you are proposing to annex from Sturgeon.

A Yes sir, we will do that.

THE CHAIRMAN: You said yesterday 6000 acres?

MR. PARK: 4200 acres, sir.

MR. HAYES QUESTIONS THE WITNESS:

Q In the table that you have submitted, Mr. Clark, you mentioned that the health unit was on an assessment basis; is that right?

A I believe that is the way it is requisitioned on.

Q I think it's on population, isn't it?

A It could be per capita; I'm not just quite familiar with that health unit.

Q All the others are and I wondered if you had a new kind of a deal.

A No, that would be the same.

Q Does this gaol being situated in the town, does that help you in policing the town?

A It does to the extent that we require more policemen to police the town.

Q I was wondering about that.

MR. PARK: Apparently that's why the fines are so large an item of income in the town's accounts.

Q MR. HAYES: Did we have a hospital rate? Two mills for hospitalization?

A That's correct. That's what they estimated in 1954 for the half year, of course. That hospital agreement only became effective on the first of July, 1954, and the two mills was estimated to cover the cost of hospitalization for that six-month period.

Q And now you anticipate it will be four mills for the full year?

A We found that two mills, I don't think, would be quite sufficient and it may even go above the four mill rate, but not to any great extent.

Q Did this Sherritt Gordon Plant have any discussions with your town prior to coming in there?

A Not to my knowledge, sir; I might state here that I wasn't the Secretary-Treasurer at the time, and I have no knowledge of discussions at that particular point when Sherritt Gordon came into town.

Q You wouldn't know whether they were encouraged to come in or not?

A No sir, I wouldn't care to make a statement as to whether they were or weren't. I could well imagine that they were, it would help the town build up to a certain extent, but I wouldn't care to make a definite statement on that; I would have to contact some of the older members of the council. I would have to contact some of them before I could answer definitely.

Q I rather gathered from your remarks that the industry was detrimental to the town, that it became a liability to it.

A No sir; I wouldn't quite say that, that it is a liability. It is a definite asset, but it has reached the point where we feel that it should be part of the assessment under the taxing authority of the town, so that it wouldn't become the detriment that we are afraid it may become if it stays outside.

Q Was this particular site ever part of Fort Saskatchewan?

A Pardon?

Q Was the site of the Sherritt Gordon Plant ever part of the town site?

A Not to my knowledge.

MR. BLACKSTOCK: Mr. Park, the very fact that you are here making a presentation on behalf of the town would lead me to assume that you are of the opinion that this board has jurisdiction to deal with it, because of the words in the terms of reference "and adjoining areas"?

MR. PARK: That's correct.

MR. BLACKSTOCK: What I wonder is what does "adjoining" mean?

MR. PARK: Adjoining the town?

MR. BLACKSTOCK: Oh, surrounding areas. Would that go as far as Red Deer? I am quite serious on the question of jurisdiction, Mr. Park; and I wonder if you have given any thought to that.

MR. PARK: Well, I would think, sir, that in view of the past history of district planning in the Edmonton area, the history of that has been that the town of Fort Saskatchewan has formed an integral part of the greater Edmonton area, and undoubtedly the industrial area in Fort Saskatchewan district forms in large measure a part of the same type of development that we have been finding, that we found occurring in east Edmonton; and it is our submission that the Commission for those reasons clearly has jurisdiction to consider the matter.

MR. BLACKSTOCK: How many miles is it from Edmonton?

MR. PARK: Twenty miles, I believe, sir -- road miles -- and as the crow flies, seventeen.

MR. BLACKSTOCK: So that we should be dealing with Leduc and Devon, perhaps, as well -- they are

MR. BLACKSTOCK: (Cont'd) all twenty miles away -- and Morinville and St. Albert.

MR. PARK: Well, I would think, sir, as has been given in evidence here before, the tendency is for industry to develop downstream from Edmonton, and perhaps Fort Saskatchewan is in a slightly different position than some of those others.

THE CHAIRMAN: Don't forget it's downwind as well as downstream.

MR. PARK: And downwind, also.

MR. BLACKSTOCK: Well, Mr. Park, will you give some thought to that matter and be prepared to discuss it with us when you come back again?

MR. PARK: I will, sir.

In conclusion -- we don't want to drag this out any longer than we have to -- there are three points in summation that we would like to make before the Commission in winding up what we have to submit.

THE CHAIRMAN: These are not exhibits?

MR. PARK: These are not exhibits, it is just a statement, sir.

THE CHAIRMAN: Carry on.

MR. PARK: The first is that we think that from the evidence submitted that it is apparent that the town is not presently in an accute condition, an acute financial condition, but that over the next few years if any large capital expenditures are made that then the town may be placed in a very difficult position in financing those capital expenditures;

MR. PARK: (cont'd)and the position that the town has adopted is that these industrial areas should form part of the town and be taxed by the town. You need labour and capital and land to establish an industry. The labour part of these industries is resident in the town, and we think that the town should receive financial support from the industries.

The second point is that the town will, if the present trend continues, undoubtedly require additional residential area, and it considers that provision will have to be made for those additional areas.

The third thing that it is interested in is to see that there is a proper fringe control. The town is interested in not having, for example, some sort of "shack town" development, unorderly development, occurring across the river in Lamoureux.

Those are the principal points, sir.

MR. ROBISON: Mr. Park, when you come back will you kindly develop some information -- we have some now from other sources -- some information about the number of employees engaged in industrial work in that neighbourhood, where they reside, how many of them resided in Fort Saskatchewan previously, and matters along that line, and its relationship to the school situation, children; and secondly, I would expect some amplifying material on your assessment figure; I would like something on those matters.

Now, I do congratulate whoever is responsible for this very excellent brochure; there

MR. ROBISON: (Cont'd) is a great deal of valuable information in it, but I would like some pertinent and direct information on assessments, and if you will give that careful thought I think you can come up with what we need. Will you do that?

MR. PARK: We will do that, sir.

That concludes the submission on behalf of the town.

THE CHAIRMAN: I should state for your information, Mr. Park, as well as the Commission in general, that when I asked Mr. Gertler to come over this morning it was so that he might see the plan which you submitted yesterday afternoon, and hear particularly the arguments -- I presumed that he had the brief before -- and after listening to the discussion this morning he said that he didn't think there was any useful contribution that he had to make at this time, but he would keep in touch with the council and yourself; so, Mr. Gertler will not appear this afternoon at his own request.

I should like to say at this time that because of some persons who wish to see the Commission from the Government, the Commission will adjourn this afternoon at 4:00 rather than 4:15.

Now, Mr. Brownlee?

MR. BROWNLEE: Mr. Chairman, I would first like to have Mr. Adamson sworn.

MR. DAVIES: Mr. Brownlee, while Mr. Adamson is being sworn I wonder if you could shorten my work a little bit. I got one copy of that new brief,

MR. DAVIES: (Cont'd) and then I got a copy yesterday of this second one. Would you tell me what the difference is -- because I have made my notes on the first one.

MR. BROWNLEE: Primarily, sir, when the first one was made we did not have table three ready. We had the first one stapled together for the earlier convenience of the Commission, and we subsequently had table three inserted and the copies bound.

MR. ROBISON: Then we can through away that other one?

MR. BROWNLEE: Yes sir.

MR. DAVIES: That's the only difference?

MR. BROWNLEE: Yes sir; I might also mention this: that it is unfortunate but there were certain figures omitted at the time this was printed, but as we go along I would like to have your permission to insert those and make one or two corrections.

MR. ROBISON; The only other difference, then, is this "ribbon development"?

MR. BROWNLEE: Yes sir.

ANDREW McARTHUR ADAMSON, having first been duly sworn, examined by Mr. Brownlee, testified as follows:

Q Will you produce your brief, Mr. Adamson?

A Yes.

BRIEF OF THE MUNICIPAL DISTRICT OF STRATHCONA NUMBER 83, AS PRESENTED, IS MARKED EXHIBIT 155-E, AND PUT IN.

Q MR. BROWNLEE: Mr. Adamson, you are presently the Reeve of the municipal district of Strathcona, No.83?

A That's right.

Q And would you please tell the Commission what number of years experience you have had in municipal work?

A I have actually been nine years in this enlarged municipal district as a councillor. Previous to that I was more or less advising the previous small council of Strathcona over a number of years.

Q The submission of the municipal district of Strathcona No.83 has now been marked Exhibit 155-E. Was this submission read to the municipal council?

A Yes.

Q And did it receive the approval of the council?

A Yes, the unanimous approval of the council.

Q Well now, Mr. Adamson, with the permission of the Commission I would ask you to commence the reading of the submission.

THE CHAIRMAN: Mr. Adamson, if you would prefer -- this is a very long jaunt that you are undertaking -- if you would prefer to be seated while you are reading, then you may.

A I think I would rather stand for the moment; I may tire and accept your permission later on.

THE CHAIRMAN: Then, change as you choose.

A "Mr. Chairman and Members of the Royal Commission:-

PART I

1. The Council of the Municipal District of Strathcona is anxious to assist this Royal Commission as much as possible in the study which it is making of the Metropolitan Area of Edmonton. Considerable information relating to the Municipal District has already been made a part of the record

A (Cont'd) "in the evidence previously given by the Secretary-Treasurer, Mr. A.Hawkins, and the Municipal Assessor, Mr. J. E. Cook. This further statement has been approved by the Council of the District and represents the views of its members on matters arising out of the Terms of Reference. In addition to this submission the Council will be glad to furnish such other information as the members of the Commission may require.

2. In this submission the word "Council" will mean the Council of the Municipal District of Strathcona and the word "District" will mean the said Municipal District of Strathcona. The term "Industrial Area" will mean that portion of the District comprising approximately 8,000 acres, in which the industries hereinafter named have located since 1947. The term "Proposed Included Area" means the total area marked on the Land Use Map of the Regional Planning Commission including the Outer Green Belt comprising some 27,360 acres.

TERMS OF REFERENCE

3. The Terms of Reference to this Commission require it to recommend the boundaries and form of local Government which will adequately and equitably provide for the orderly development of schools and municipal services and to recommend any practicable measures which may be taken in the interests of the ratepayers and citizens generally with respect to the administration and financing

A (Cont'd) "of school and municipal matters and the form of Government recommended for the area under review.

4. The Terms of Reference are broad and involve a consideration of such questions as:-

(a) The past development and present position of Municipalities comprising the Metropolitan Area.

(b) The origin and extent of any problems relating to schools and municipal services or administration in each.

(c) The proposals which have been made to this Commission for the solution of such problems and the reasons therefor.

(d) Alternative proposals to those so far suggested to this Commission.

5. From the record it seems clear that the City of Edmonton advocates as a basic solution of its financial problems that the boundaries of the City should be extended to include the whole of the Industrial Area, and possibly a very considerable acreage in addition, - in other words that the City be permitted to take from this Rural District the area actually occupied by several large industries which have become established there since 1948, some within the past two years, plus a large acreage of highly assessed farm land in addition.

6. The Council fully realizes that this Commission is sitting as a Royal Commission under wide Terms of Reference. It nevertheless respectfully submits that in such a case the burden of proof is clearly and definitely upon those advocating the proposal. It is

A (Cont'd) "encouraged to take this position because that principle has been expressly accepted by the Ontario Municipal Board. In its recent Judgment in the Brantford case (P.F.M. 1081-October 25th, 1954) that Board said:-

"In previous annexation decisions the Board has laid down the principle that when a municipality seeks to extend its boundaries and to bring under its jurisdiction substantial areas administered by one or more neighbouring municipalities it must assume the general burden of proof. The removal of any large area, whether developed or undeveloped, from the jurisdiction of one municipality and its addition to another is always a serious matter, and the decision in each case cannot depend upon the mere application of arbitrary rules or rigid tests. In the opinion of the Board, the applicant municipality must first establish the fact that the growth and development of the area within its jurisdiction and the area sought to be annexed has reached a point which requires some readjustment of the municipal boundary. It must then proceed to show why this readjustment should take the form of an immediate transfer to the applicant of the specific areas described in the application.

The Board does not consider that it is justified in ordering important boundary changes merely

A (Cont'd) "because existing boundaries might appear at first glance to be unrealistic or of uncertain origin."

7. Belief in this principle has influenced the District from the first Sittings of this Commission and explains one section of the evidence of the Secretary-Treasurer, Mr. A. Hawkins as recorded in the Proceedings of October 14th, 1954, Volume 3 at page 379. Mr. Hawkins is there reported as saying:-

"It has been informally alleged by certain Municipalities that the present boundaries and form of local Government in the Metropolitan districts of Alberta create administrative and financial problems. When these allegations, together with such supporting statements as are necessary to make them comprehensible, have been placed in evidence before this Commission we request the opportunity to carefully study them and make reply when the Commission may direct, or, in the alternative, as we consider may be of assistance to the Commission. We do not wish to be misunderstood on this point. It is our belief that the problems confronting the complaining Municipalities existed prior to the industrial development now enjoyed by our Municipality, but our mind is not closed on that subject."

A (Cont'd) "Unfortunately, at the time, this statement led to some misunderstanding on the part of the members of the Commission as indicated in the Proceedings of October 20th, 1954, Volume 7, commencing at the bottom of page 762.

8. At the time that statement was made, the Council did not know what proposal would be made by the City of Edmonton or the reasons therefor, and in fact it does not yet know the revised boundaries, if any, which will be proposed by the City. As a matter of fact at the time of the writing of this submission the Council of the City of Edmonton has declined to define such boundaries. Obviously, the definition of the boundaries of the area, if any, proposed to be taken is a matter of major concern to the Council as are the arguments which will be advanced finally in support of any major change. We therefore suggest again that the onus of proof is clearly and definitely upon the City if it proposes major changes in boundaries and that the District should be given an opportunity to reply to any such proposals or arguments.

THE DISTRICT

9. The District comprises one of the oldest farming areas in North Central Alberta and the original units making up the District were among the first to be formed. As of January First, 1943, the original Municipal

A (Cont'd) "Districts of Clover Bar and Strathcona were consolidated to form the present District.

10. Local Government for the District follows the usual form provided by The Municipal Districts Act of the Province and consists of a Council of five members, one of which is Reeve.

Area

11. The Saskatchewan River forms the North and West boundary of the District creating a sort of triangle. The District comprises an area of approximately 30 miles East and West at its widest boundary and approximately 36 miles North and South. To the original area an additional 16 Sections along the Northern boundary has been added as of January First, 1955, following the recommendation of the Co-Terminus Boundary Commission. In all, the area now comprises approximately 359,000 acres. It is estimated that nearly one-half of the total area is low valued or marginal land, the area around Cooking Lake and Elk Island Park being grazing lands only. The assessed value ranges from $5,000 per quarter section within the Industrial Area to $500 per quarter section in the Northern and Eastern section of the District.

12. The total area may be classified as follows:-

(a) Farm lands comprising approximately

A (Cont'd) "approximately 347,100 acres.

(b) The Industrial Area of approximately 8,000 acres.

(c) A "fringe area" partly built upon, along the City boundary and a ribbon development along Highway No. 14 to subdivisions hereinafter named comprising in all 1,500 acres.

(d) Subdivided area comprising some 2,400 acres including the following Subdivisions:

Bailey:
Part 1 - 80 acres, largely built, population estimated at 120.

Part 2 - 120 acres, partly built with population estimated at 50. Subdivision largely sold and should shortly be well settled.

Ball:
40 acres with 12 houses, population estimated at 60.

Old Subdivision West of Ball:
40 acres - 50 population.

Whitecroft:
160 acres, population about 12, but considerable building underway.

Hulbert:
80 acres - now in process of development.

Ordze:
60 acres - partly built - 12 people.

Campbelltown: 640 acres. Now being promoted in expectation of population of 6,000.

Several Subdivisions elsewhere in District with some in the fringe area.

It is significant that with the exception of the old Subdivision west of Ball (40 acres) every

A (Cont'd) "one of these Subdivisions has been made in the past few years since the major industries entered the area."

MR. ROBISON: Will the Commission be provided -- excuse me, Mr. Adamson -- will the Commission be provided with a list of those other subdivisions that you mention here and that Mr. Dant mentioned the other day?

A Yes, that can be done.

MR. MOFFAT: Certainly the ones that Mr. Dant mentioned will be available?

MR. ROBISON: Well, I think at this point -- later we ought to be given a list of these other subdivisions.

A That can be done, Mr. Robison.

"It is significant that with the exception of the old Subdivision west of Ball (40 acres) every one of these Subdivisions has been made in the past few years since the major industries entered the area. They indicate a definite sub-urban development of considerable size in the area outside the proposed included area populated by people employed in the industries or secondary service industries or in the City of Edmonton. They will require streets, drainage and other services at the expense of the District. Demands for such services will require increased expenditure for the District.

A (Cont'd) Legislative Jurisdiction of Council

13. Some question has been raised about the legislative authority of a Municipal District to administer an industrial area. The Council derives its authority from the provisions of The Municipal Districts Act of Alberta, 1954. Section 27 of that Act provides that the Reeve, Councillors and electors of the District are created a body corporate. The Council has and may exercise the powers and rights specifically delegated to it by the Legislature of the Province. In this respect the District is in the same position as Towns and Villages under The Town and Village Act or Cities under The City Act or special Acts of incorporation. In addition, the Council has such subsidiary rights as may be reasonably necessary to exercise the powers specifically delegated to it. In recent years the powers and rights of Districts have been enlarged from time to time as areas have been increased as a result of consolidations as well as to meet the requirements of changed conditions and increased social benefits. Sections 296 to 298 inclusive provide the necessary authority to take care of the supply of water, gas and electrical power while Section 320 specifically applies to Districts with hamlets, giving the Council power to pass any By-law which a Village Council can pass under The Town and Village Act. Section 426 gives the Minister the right to designate a district as semi-urban, whereupon it has

A (Cont'd) "the right to contract for bus service. So far, the District has met with no difficulty in exercising such authority as has been found necessary with respect to the administration of the District including the Industrial Area. Section 426 is significant as it indicates that the legislature recognizes that semi-urban areas are developing, and must be given authority to administer the area and provide services.

Co-Terminus Boundary Commission.

14. It should here be observed that another Commission appointed by the Provincial Government and known as the Co-Terminus Boundary Commission has finished its work. It re-defined the boundaries of the District and at the same time re-defined the boundaries of the Clover Bar School Division making them approximately the same as those of this District. These changes became effective on the 1st day of January, 1955. Any change in the boundaries of the District therefore will affect the School Division and, of course, if the large assessment relative to the industries in the Industrial Area is taken from the District the ability of the School Division to provide satisfactory school facilities will be greatly impaired. It is unfortunately the case that educational facilities for rural children in Alberta are below the standard provided by the urban districts. It is understood

A (Cont'd) "that as the District and the Clover Bar School Division are now constituted, the School Division might provide a standard somewhat comparable to certain of the smaller Cities in the Province, but not comparable to the present standard in the City of Edmonton. If the industrial assessment is taken away, the standard will be greatly reduced. In fact it is doubtful if the District could do more than get by with quite a low standard.

PROPOSED INCLUDED AREA

15. The City of Edmonton has not defined the expanded boundaries which it proposes. Evidence produced before this Commission to date seems to assume that the proposed included area will be that shown in the Land Use Map of the Regional Planning Commission including the Outer Green Belt. As heretofore stated that area is estimated at 27,360 acres. Of that area major industries only occupy a small amount. A very large area of productive farm land would therefore be included within the City Limits. A very substantial part is in such close proximity to the sites of the Oil Companies or industries such as Canadian Industries (1954) Limited and Canadian Chemical Company Limited that it could not be considered residential. The area, equal to the present area of Edmonton, is beyond any reasonable hope of industrial development for years and must continue largely to be used as farm lands. The inclusion of such a large area of farm lands will complicate

A (Cont'd) "the assessment and tax problem of the City. This has already been indicated by a proposal that this Commission should recommend that the present basis of taxing farm land be amended to provide that with respect to any area served by water a frontage of 200 feet should thereupon be assessed as subdivided land. (Exhibit 132E). The necessity of taking water across vacant spaces to scattered industries could seriously affect taxation of owners of farm lands. The Council believes that the main residential area of the City is moving in other directions, and that the possibility of such a large area being required for residential or industrial purposes is remote.

INDUSTRIAL AREA

16. Alternatively the City may propose to include in the extended boundary only the present Industrial Area of some 8,000 acres. The industries are scattered. Some hold considerable land for protective purposes, but still a large acreage of farm land falls within this general area.

Except for the Companies now established or holding sites in the Area, the Council has no knowledge of other major petro-chemical enterprises entering the area.

17. Table "1" hereto shows the number of employees presently employed in the Industrial Area; the number residing in Jasper Place,

A (Cont'd) "Beverly, the City of Edmonton and elsewhere; the number residing in the said Municipalities before employment in the Industrial Area and the net position of the District in relation to each Municipality.

It will be observed that with respect to Jasper Place, 47 residents are employed in the Industrial Area. Of these, 32 were residing in Jasper Place before employment in the Industrial Area. Only an additional 15 employees are residing in Jasper Place.

With respect to Beverly 35 are now employed of which 9 were residing there before employment in industry.

With respect to Edmonton a total of 1,900 are now employed in the Industrial Area. Of these 1,443 resided in the City before employment in industry. Persons employed in the City of Edmonton but residing within the District number 298.

The City has benefitted by the fact that 1,443 of its citizens have obtained more gainful employment and therefore contribute more to the City's success as a result of the development. At the same time an estimated annual income of $7,400,000.00 accrues to the residents of the City by reason of the development. On the basis of the evidence so far produced it is at least arguable that some of the industries would have gone elsewhere if this Industrial Area had not been available as an alternate site to one

A (Cont'd) "within the City Limits.

18. Representatives from three of the major industries of the Industrial Area have appeared before the Commission. It is respectfully submitted that the considerations which mainly influenced the industries to settle within the Industrial Areaare as follows:-

(1) The availability of low cost natural gas and its utilization for petrochemical manufacture.

(2) The ability to obtain substantial acreage at comparatively low cost for the purpose of providing isolation from residential or other unfavourable land uses.

(3) Proximity to other major industrial plants for the availability of gas, water and for the purpose of exchanging products.

(4) The prospect of more favourable taxation.

The representative of Canadian Industries (1954) Limited specifically stated that at the request of the Edmonton District Planning Commission and City officials, the Company had given up an option previously acquired and purchased land farther removed from the City.

A (Cont'd) SERVICES

19. It is also submitted that the evidence shows that the District is able to provide all necessary services for the industries within the Industrial Area without any serious demands upon the City of Edmonton. No major problem exists in providing such services, with the possible exception of water.

(a) Power mainly is purchased from Calgary Power Ltd. Only a relatively small service is provided by the City.

(b) Water:- A Water Agreement was negotiated with the City without difficulty to provide a supply of 1,000,000 gallons per day at a rate profitable to the City of Edmonton as it provides for a 35% surcharge to reimburse the City for additional size of water mains and handling costs. The District has employed Associated Engineering Services Ltd., to make a study of its prospective water requirements. An application has already been made to the City to increase the maximum daily supply to 2,000,000 gallons per day. As yet the City has not agreed to this increase. Associated Engineering Services Ltd., point out that the District could obtain an adequate water supply from a point East of the City at low cost were it not for

A (Cont'd) "the pollution of the River from sewage disposal from the City. The District submits therefore that because of the pollution of the River, the City must provide this additional supply and the District contemplates that its requirements can be negotiated on terms fair to the City. The District has now completed a reservoir with a capacity of 2,000,000 gallons to ensure more fully the necessary supply to the Industrial Area.

(c) Sewage:- The major industries provide their own sewage disposal. In some cases such disposal has to be dealt with in a special way because of toxicity or industrial value. The District is able to provide necessary sewage. In one case an order of the Board of Public Utility Commissioners makes provision for the joint disposal of sewage by the City and District.

(d) Fire Protection, Police Protection, etc:- The evidence shows that the major industries provide their own special fire protection and some of them have already negotiated agreements with the City on fair and reasonable terms for additional fire protection services if required. It has been suggested to the District that combined facilities of some major indus-

A (Cont'd) "tries could be arranged to provide a fire service by the District independent of the City. The major industries provide their own security measures and the District can provide such further police protection as may be needed.

(e) Roads:- No problem exists with respect to roads.

The District has provided main and secondary roads and during the present year proposes to undertake the surfacing of some roads. No exits from the City have been blocked by District development.

21. The industries in the area represent an investment of a great amount of money. The fact that they have become established in the District has given great impetus to the industrial development of Alberta. Both because of the investment of capital therein and the importance of the area to the Province, it is entitled to every consideration. Only compelling reasons should change the municipal status of the industries so soon after they have deliberately chosen this District for location. It is suggested that no evidence has been presented to this Commission that the industries are dissatisfied with the services rendered by the District or want to be brought within the City.

The Submission of the City in this respect seems to be based upon what the Ontario Municipal

A (Cont'd) "Board has termed a misconception frequently encountered in annexation applications.

In the Brantford case the Board said:-

"From another point of view it seems to the Board that the Township's alleged 'need' of the area is based on a misconception frequently encountered in annexation applications. A municipal corporation does not exist for its own sake. It is created primarily to provide and maintain essential local services required by the area which, for the time being, is included in its boundaries. It has no claim to the lands in that area which is comparable to the interest of an owner. If conditions in the area change to the extent that the municipal services required can be more efficiently or economically provided by an adjoining municipality, nothing is lost or gained except the duty and responsibility of providing necessary services. If the cost of supplying those services is less than the tax revenue derived, there may be a loss in one sense but is it a loss which gives the remaining municipality any just cause for complaint? In the opinion of the Board, in the present case the vital question is not whether one municipality or the other has a greater 'need' of the area in question. It is much more a question whether the area needs one of the municipalities more than the other."

(At this point the Commission stood adjourned until 3:10 P.M. the same date, and reconvened.)

MR. BROWNLEE: Mr. Chairman, sir, if I may just interrupt for a moment, I thought I might make this observation, sir, that Mr. Adamson has read the portion of our brief pertaining to the question of legislative jurisdiction of a council. Now, I think it is probably fair and reasonable to state that from the standpoint of any representative of the municipality there is not much more that he can do than to simply state from advice given to him the provisions of the legislation which might be taken to be the legal right for their municipal operations. However, it is our feeling that the Commission regards this question as one of considerable importance, and I wondered whether I might at this time canvass your views as to any manner in which we might develop the subject at a later date so as to place it before you in the manner you might feel necessary?

THE CHAIRMAN: Mr. Brownlee, I should like to defer to Mr. Blackstock whose experience in matters of this sort far transcends mine.

MR. BLACKSTOCK: I am not prepared to do it at the moment, Doctor.

THE CHAIRMAN: No. Then, if, we are having a meeting immediately after this session, Mr. Brownlee and we will discuss it then and give you any suggestions we have tomorrow morning.

MR. BROWNLEE: Thank you Mr. Chairman.

THE CHAIRMAN: Then, Mr. Adamson will carry on.

A I am going to accept your invitation to sit, sir.

THE CHAIRMAN: Yes, sir.

A "Assessment

Table "2" hereto is a compilation made for the information of the Commission. It sets out the total Assessment of the District from 1948 to 1953 inclusive and shows also the Assessment of the major industrial plants and the Assessment of other land, buildings, improvements and personal property. It is not possible as yet to state accurately the Assessment for 1954. The Assessment of two industries, Canadian Industries (1954) Limited and Canadian Chemical Company Limited are now before the Alberta Assessment Commission. That Commission has held its Sittings, but as yet has not handed down its decision in either case. It is expected that these Assessments will bring the total Assessment for 1954 to a level of some $41,637,000.00.

Table "3" indicates the revenue and expenditures for the District for the years 1953 and 1954. The Table also indicates the probable effect of possible changes in boundaries. The attention of the Commission is drawn to the following:-

(1) Column 1 shows that the mill-rate for 1953 was 34.

(2) Column 2 which is based on the 1954 budget shows that the mill-rate was 25.

MR. BROWNLEE: Excuse me, Mr. Adamson. Mr. Chairman, this page is one on which there has been an omission. Item 3 where it states that the mill rate will be, and there is a blank, I would like to change the 'will' to the word 'would' and insert the figure 26.8. Now, I would also like to point out that in the items 3, 4 and 5 I

MR. BROWNLEE: (Cont.) would like to ask that the years 1955 be changed to the year 1954 in each case.

MR. ROBISON: That includes 3, does it Mr. Brownlee?

MR. BROWNLEE: Yes, 3 , 4 and 5. Thank you.

A " (3) Column 3 shows that the 1954 mill-rate would be 26.8. The figures in this column assume the acceptance of boundary changes hereinafter discussed.

(4) Column 4 shows that the 1954 mill-rate would be 63.4, if the City of Edmonton proposal was adopted.

(5) Column 5 shows that the 1954 mill-rate would be 70, if all major industry was excluded from the District.

22. <u>The Impact of Industrial Development upon the District</u> Much has been said in evidence about the impact of oil upon the city of Edmonton. The impact of the industrial development within the District arising from the oil development in the Province has and will be very considerable.

(1) Subdivisions:- Attention has already been called to the number of new Subdivisions which have been made and are being developed. These are located outside either the Industrial Area or the proposed included area. They have mostly been approved within the past two or three years. On some, houses have been built, and many other houses are in the course of construction. Some subdivisions are only in the process

A (Cont.)

" of early development. These with the the older and more scattered subdivisions have a potential population of some 15,000 to 20,000 persons. The total area is about one-tenth that of the City of Edmonton. It is expected that they will be settled largely by employees of the industries, or secondary industries servicing the larger industries, or people employed in the City of Edmonton. Costs of education and of providing drainage, streets and roads and other services will steadily increase in the next few years and will no doubt be very considerable. The fact that so many of these subdivisions have been planned since the industrial development in the District started indicates that they are a direct outcome of the industrial development.

(2) Roads and bridges: - The problem of maintenance and upkeep of roads and bridges:- Three major oil refineries are located in the Industrial Area:- Imperial Oil Limited, British American Oil Co. Ltd. and McColl-Frontenac. A very substantial portion of their product finds its way to market in Alberta by truck. To move from either of the plants to the main truck roads of the Province, the trucks must travel municipal roads in various directions. They do this

A (Cont.)

" also to avoid going through the City of Edmonton when travelling in that direction. These trucks are very heavy and create a major problem in the upkeep of roads and bridges or culverts. The District has already had to regravel roads in some cases as often as twice in three years. This maintenance of main market roads is an important service to these industries, while other roads serve the heavy construction trucks hauling sand and gravel for the construction industry of Edmonton. The District has a program of black-topping the roads used for oil delivery at a cost of some $25,000.00 per mile. Failure to keep up this maintenance would lead to rapid and complete breakdown of the roads.

PART 11

23. Part 1 of this submission has dealt with the present position of the District; the industrial area and the industries therein and the effect upon the District of any change in boundaries which would take from it the assessment of major industries there established. The District maintains:-

(a) That the development of the Industrial Area has created no substantial demand upon Edmonton. The District provides all necessary services.

A (Cont.)

" (b) That any of the proposed revisions of boundaries will result in a very substantial increase in mill-rate in the District, and will lower the standard of education which the School Division will be able to provide.

(c) That such proposed revisions will constitute a precedent detrimental to rural education and well-being.

(d) That such a change coming so soon after these industries have become established may seriously prejudice the ability of the Province to attract new industry.

In this Part an examination will be made of the reasons advanced in support of Edmonton's proposal.

JASPER PLACE

24. Historically, Jasper Place was developed long before industry settled in the District. Its settlement was no doubt partly due to a desire of people employed in Edmonton to find homes where taxation might be lower or living conditions might be more to their liking. To some extent the early settlement may have been due to the fact that Jasper Place met a need that could not be filled in the City of Edmonton, that is, - that the private costs of planning in Edmonton were too great for some income groups.

It must not be supposed that fringe development starts only because of a selfish desire to avoid urban municipal tax. An equally important reason is the inability of the individual to bear an urban tax load.

A (Cont.)

"Under these circumstances, the individual locates where lower planning standards permit lower costs. This fact must be kept in mind. Unless some way is found wherein the planning effort of Edmonton can recognize these needed income differentials, the inclusion of Jasper Place in a Metropolitan Area will simply result in internal friction and ultimately in a repetition of the same development in another place. For this reason, if no other, the attention of the Commission may profitably be directed to a consideration of maintaining Jasper Place as a separate entity, aided and strengthened by assistance when necessary.

Now, that the Town has grown to a considerable size it naturally wishes to have the same high standards of education and civic services which the City of Edmonton enjoys. These are among the highest in the Province.

No attempt is made by the Town to show that its present problems were caused by the development of industry in the District. The following seems to be a fair summary of its Brief:-

That with the discovery of oil in Northern Alberta "Edmonton people flocked into Jasper Place" causing a rapid expansion of population, and financial problems in providing roads and sidewalks, water and sewer systems and other services at present high costs. In particular, emphasis is placed on the rising costs of education. For these reasons the Council of the Town recommends that any amalgamation of the Metropolitan

A (Cont.)

"Area should include the Industrial Area in this District.

But the Town wants amalgamation only on the basis that educational standards and facilities must be equalized throughout the area within a definite period and that municipal outlays and services must be brought up to the standards of Edmonton within a period of five years. This, of course, no Commission nor no Government can guarantee. The Town also insists that it must be represented directly upon the City Council.

It will be observed that the Town makes no claim whatever upon the District for services provided for the District nor does it advance seriously the argument that the Town is a dormitory for employees working in the District. A reference to Table "1" shows that it can have no substantial ground for such claim in any event. If the City of Edmonton relies upon the dormitory argument in relation to this District one wonders why a difference of three or four mills should justify the City in failing to meet a moral obligation to Jasper Place.

The recommendation of Jasper Place seems to be based on the belief that the City will obtain from the industrial area revenue to meet the cost of providing it with improved services. The financial problems relating to the City of Edmonton will be dealt with later.

A (Cont.)

" BEVERLY

25. Historically, the Town of Beverly was developed in connection with the operation of coal mines in that area. Its present economic basis now rests largely on its proximity to Edmonton as a residential area.

No claim is made against the District for services rendered but some emphasis has been placed upon the argument that Beverly is a dormitory for employees in the Industrial Area. Table "1" shows that only a small number of persons employed in the Industrial Area reside in Beverly so that this claim even if sound and accepted would be insignificant when compared with the total obligations of the Town.

The Brief filed by the Town emphasized the problem of educational costs. It claims its assessment is showing fair improvement but is based entirely upon its residential character. Of the 53 mill-rate of the Town, 33 is required for education. With some assistance in this direction the Town could get along fairly well.

The general financial aspect of the proposed amalgamation will be dealt with later.

26. Optimum City and Greenbelt

The district has been glad to witness the prosperity which has come to the City of Edmonton and its increasing status among Canadian Cities. It hopes that its growth and prosperity will continue

A (Cont.)

"to increase in accordance with the hopes and aspirations of its Administrative Officers. To the extent that the Civic Administration may accept the proposition that the growth of the City should be arbitrarily stopped within the next 7 to 15 years by adherence to the planners' concepts of an optimum City and a greenbelt, the District is reluctant to comment on evidence placed before the Commission with respect to such principles. However, the District believes that to the extent that the principles are used as a reason for taking a large area of land from the District, they have a vital interest in those principles.

The District knows of no City in Canada or the United States where these principles have been completely accepted as binding for future planning or where they have been used as a reason for forcing one area into another. Before the Leduc #1 Well was brought in, City planners could hardly have anticipated the impact of oil on the Edmonton District and conceptions of optimum size then were no doubt different from those of today. The City Council today cannot bind a Council in office a decade from now and unexpected economic circumstances could change any plan established now. The principle is a nice one for planners to have on their Planning Boards as guideposts, but the essential question for the Commission is whether the needs of the Metropolitan Area are such as to require more land to provide

A (Cont.)

"for the orderly development of municipal and educational facilities. Emphasis has been placed upon the economies of urban growth within certain limits. Graphs and Tables now in evidence, which purport to define those limits, indicate only that the concept of an optimum City is almost wholly academic. Indeed, Table "4" which analyzes civic costs in 5 Western Canadian Cities indicates that there is no optimum size. It is submitted that the Legislature of the Province of Alberta would hesitate to legislate the direction in which Edmonton must grow or where a greenbelt should be established or where future growth will stop. That would be a denial of the principle of municipal self-government. Unless such legislation is passed, however, the idea can be no more than a town planning ideal to be changed if economic changes so dictate or the people of the City so demand. It is not a ground for the compulsory alteration of boundaries.

27. <u>The City's Case</u>.

In the evidence so far submitted by the City no serious attempt has been made throughout the hearings to show that the area is dependent upon the City for essential services. The claim of the City seems to be based on other considerations such as:-

(1) That the impact of oil development in the northern part of the Province has brought about a very sudden and large increase in population.

A (Cont.)

" (2) That because of increase in population its boundaries should be extended to provide elbow room

(3) That the City is a dormitory for employees of the industrial area and should therefore have the income from assessment and taxation of the industries in that area; and

(4) That because of the rapid increase in population an imbalance has resulted between residential assessment on the one hand and industrial on the other, and that the industries in the industrial area should be brought into Edmonton in order to create a proper balance between residential and industrial assessment. "

MR. ROBISON: Mr. Adamson, how is your throat?

A I am doing fine now, thanks sir to you.

"28. <u>The Impact of Oil</u>

Some of the Submissions which have been filed so far on behalf of the City place great emphasis on the impact of oil development upon the City and the financial problems which have resulted.

Undoubtedly, population has greatly increased,- some 77% in the past 10 years. There has been a great increase in the residential areas requiring the extension of water, sewage and power services and the opening up of streets. Certainly these have required heavy expenditures of a capital nature as well as heavy increases in annual expenditure.

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" These things the District fully recognizes. However, the continued emphasis on the large Debenture debt of the City and the high annual expenditures as indicating a reason for the extension of boundaries and the formation of a Metropolitan Area under one Administrative Council is misleading. The District points out that neither the debt nor the annual expenditure requirements can possibly justify such action which will not remedy the basic problem of the City."

MR. BROWNLEE: Excuse me, Mr. Adamson. Mr. Chairman, on the third line of the first complete paragraph, the words, "the mill-rate by 290%", could they be substituted by the words,"the mill-rate by"should be, taxes collected by.

A " There is another side to the picture of the impact of oil upon the City. While population has increased in the past 10 years, the total assessment has also increased by 270%, the taxes collected by 290%, the rental value for business tax assessment 320% and the business tax 310%. Admitting that such figures must be adjusted to the changed value of the dollar, it is nevertheless submitted that these increases have more than kept pace with the increase in population of the City.

Population to be served by the City has increased in density per mile. Hundreds of new industries have been added to the Assessment Roll.

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"Employment has been at a high peak. Wages and salaries are high for City residents and gross income for the people in the City is probably at an all-time high.

Again, while the Debenture debt and annual expenditures are high, they have been made high in order to provide assets and benefits to be enjoyed by people of the City for many years. They are therefore to be compared somewhat to increased borrowings by a commercial corporation to undertake a new and favourable field of business. In his statement already filed (Exhibit 130E) Mr. Hodgson admits this argument. In one place he says that the cause of high expenditure is "having to do so much work at the present time which will benefit citizens living here in the next two or three generations." In another place he says that "it is the cost of these items which constitute such an onerous burden upon the present generation of taxpayers although undoubtedly they constitute in large part valuable assets which will be of benefit and service to the citizens of Edmonton for decades to come." In still another place he says "the impact as it applies to individuals in the community can be nothing but favourable, as it has increased the distribution of wealth, provided thousands of jobs, built many homes, warehouses and other commercial improvements." If Mr. Hodgson is right about the impact of oil development upon the individuals in the community, then one can hardly be alarmed about a growing Debenture debt insofar as that becomes an argument in support of increased boundaries, particularly

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"when he shows that the expenditures are to a degree controllable. If the City chooses to maintain the high standard of community living, then it can hardly make its high spending a reason for encroaching upon its neighbour's territory.

In any event, the proposed amalgamation of the municipal units will not reduce either the Debenture debt or the annual expenditure of the City. Any advantages in revenue derived from taking in the Industrial Area will be offset by obligations to Jasper Place which in the City's submission are made a condition of amalgamation. Moreover, such amalgamation with the inclusion of the Industrial Area will require additional capital borrowings and increased expenditure. This aspect of the City's financial position will be dealt with later.

Then, in no way, can the development in the District be said to have contributed to either the debenture debt or the increased expenditure of the City and in fact there has been no evidence to suggest that the development in the Industrial Area has contributed to Edmonton's debenture debt or its growing expenditure excepting possibly the argument advanced that educational costs have been increased somewhat by the fact that a number of persons are living in Edmonton, but are employed in the District. That argument will also be dealt with later. The District believes that the proposed amalgamation will increase rather than decrease both the debenture debt and the annual budget of expenditures.

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" Without wishing to appear pessimistic, the Districts suggests caution in concluding that future growth in population can be judged by the growth of recent years. Boom periods in the past have had a habit of levelling off. Prospectingfor oil is now moving to districts further from Edmonton. Secondary industries for servicing the Oil Industry must now have been established almost to the extent necessary to provide necessary services, and the rush of labour to assist in oil prospecting may now move to centres near present fields. In other words, the population trend may level off somewhat so as to permit commerical and industrial development to catch up.

29. Elbow Room

In reply to the City's argument that its boundaries should be extended to provide elbow room, the District says:-

(1) That for industrial development the City now has ample reserves. The figures show as developed and allocated a total of 1,796 acres, and as reserves on the North and South sides 1,332 acres. Moreover, the Edmonton Journal of December 31st, 1954, carries the announcement of the proposed construction of a new Airport with an expectation that the work will be completed in 3 years. A certain percentage of that area will probably be allocated for commercial or industrial purposes which could raise the figures for reserve to 50% of the total

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" industrial acreage. Information is current in the City that the Canadian Pacific Railway Company has bought land South of the City and will be moving its marshalling yards to the new location. This will make available very desirable land for light industry. "

MR. ROBISON: Excuse me again, Mr. Adamson. The first sentence on page 30, "A certain percentage of", the Airport area, should that read a certain percentage of the present airport area?

A A certain percentage of the area will probably be used, that will be the Airport area.

MR. ROBISON: A certain percentage of the present Airport area?

A Yes.

MR. BROWNLEE: Yes, that's right.

MR. ROBISON: I wasn't too sure on that, thank you.

A You are right.

" (2) Residential reserves are not so high. The figures show reserves on the North and South sides of 1,171 acres as against 8,619 developed and allocated. The use for residential purposes of part of the Airport will increase these reserves somewhat. However, while the residential reserves are not high, the solution is not in the direction now proposed. There may be fringe areas along the Strathcona boundaries which would provide some room, but good residential promotions

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" will not go near the heavy industries in the Industrial Area. The greatest residential development in recent years seems to have been away from the Industrial Area rather than towards it. Ample areas are available for the City in these other directions.

(3) It is noteworthy thatthe City made no effort whatever to seek further areas for industrial purposes in the direction of the present Industrial Area before the present major industries located there. Even after Imperial Oil Limited was known to have acquired land, the City made no move in that direction althought another two years was to pass before other refineries entered the area. In other Cities, notably Hamilton, the City has been alert to seek industrial areas before development starts whenever the Cities' existing areas have been largely taken up. In fact, the City of Hamilton offers a striking example of an industrial City that has grown up over the years by the simple process of annexation. Since 1882 it has made some twenty-three annexations. Information obtained by the District is that Hamilton has traditionally proceeded upon the assumption that the City should not annex an area already built up, but on the other hand should annex just ahead of indicated requirements. The City feels that the advantage of this proceedure out-weights any small advantage that might come from annexing large areas which would for some time remain essentially rural in character.

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" (4) It now lies within the power of the City to make application to the Board of Public Utility Commissioners for such addition to its area as its growing needs actually require for elbow room. The District suggests this is a saner approach to the problem as it enables the City to select the areas in keeping with the direction of residential or industrial preference, and at the same time to safeguard its own expenditures by avoiding any uneconomical extension of services and public works as well as by avoiding claims for other Municipal expenditures on streets and lanes by reason of uneconomical location.

30. <u>The Dormitory Argument</u>

Counsel for the City has throughout the proceedings pursued the argument that the Industrial Area should be brought under one Council for the Metropolitan Area because certain employees of the industries in the Industrial Area live in Edmonton and so receive the advantage of Edmonton's educational services. The arguments seem to be that a municipality which houses employees of an industry has some claim against the tax revenues of the industry. While some support exists for that proposal, there are strong differences of opinion.

From a practical standpoint several questions arise, such as:-

(1) Does the claim prevail against the industry or against the collecting authority?

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" (2) Is there any precedent that justifies what is virtually annexation of the Industrial Area in which the industry is located? This District has not been able to find any case in the municipal development of Canada where that argument has been used to justify annexation of other areas.

(3) Does the proposal apply where the industry would not in any event have located in the City?

(4) If there are two groups of industries, one near the City and the other beyond any possible extension of City boundaries, is the City entitled to say that the group near the City must be brought within the City limits pursuant to this principle, although it could not assertsuch rights against the other?

(5) Does the principle work both ways, that is, for and against the Municipality asserting it?

Table "1" hereto shows the number of persons working in the City but living in the District. It is significant that in every statement made by the City, including that filed by Mr. John Hodgson, only the gross figures of residents of the City working in the District are given. No reference is made to counterclaims which the District could make. One wonders if Edmonton considers the principle a one-way road leading only in the direction of the City. One wonders too why the principle is not

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"applied as between Jasper Place and Edmonton, in view of the very large number of Jasper Place residents who are employed in Edmonton. A canvass was made in September, 1953 of 283 working people residing in Jasper Place. Of these, 229 worked in Edmonton. If the theory is not considered a valid one as between Jasper Place and Edmonton, how can either assert it to a much smaller extent as against the District. If the theory is tenable and had been recognized, Jasper Place would have no financial problem today and would not be concerned about amalgamation.

The District believes that any figures of cost which can be produced by the City in relation to the District become entirely insignificant in the light of the real financial problems of the City and the solution thereof.

Compare these figures with those given by Mr. Hodgson in the statement filed with this Commission where he shows that in the last 6 years a total of 41,690 immigrants from other places have flocked into the City. On any basis of calculation the number residing in Edmonton but employed in the District constitutes a very small fraction of the increase in the City's population attributed to the impact of oil.

Table "5" sets out the estimated total employment of non-taxable facilities in the City of Edmonton. The Table shows 3,800 employed by the Government of Alberta, 2,600 by the Government of Canada and 610 by the University of Alberta with 1,500 employed by

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"other non-taxable facilities. Using the basis of calculation accepted by Mr. Hodgson, the children of these employed persons would number 4,255 and would mean a cost of education to the City of $920,399.00 per year.

The District submits that this argument advanced by the City becomes insignificant when related to such considerations.

FINANCIAL PROBLEMS OF THE CITY OF EDMONTON AND THE TOWNS OF JASPER PLACE AND BEVERLY

31. The District does not underestimate the financial problems of the City and of Jasper Place and Beverly. To a great extent these have been caused by the large increase in population, but other factors must be considered.

Tables 6, 7 and 8 detail the source and application of funds for these urban areas in selected years. Financial statistics of the City of Edmonton show that from 1939 to 1954 there have been significant changes in the revenue sources. In 1939 taxes contributed almost 70 percent of City revenue and amounted to approximately $40.00 per capita. In 1954 taxes contributed 60 percent of the revenue and amounted to $61.00 per capita. In terms of 1939 dollars, the City of Edmonton taxpayer is now spending less on urban government than was spent 15 years ago. When the net contribution of the City-owned public utilities is considered it is obvious that the tax load on the citizens of Edmonton would be even lower if the policy of the Civic Administration had not

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"permitted utilities to contribute relatively smaller amounts to general revenue. Government grants since 1950 have been highly beneficial to the City. In 1950 they were 1 percent of the total revenue; in 1954 they totalled more than 8 percent.

Expenditures of the City of Edmonton on general government have increased from 3.7 percent to total expenditures in 1939 to 5.3 percent in 1954. The per capita costs of protection have increased from $5.59 to $16.16 or an increase of nearly 200 percent. The costs of education and debt servicing have remained relatively constant when considered as a percentage of total spending.

In Jasper Place and Beverly taxes bear a greater proportion of the burden of the total cost of civic service than is the case in Edmonton, but since 1950 there has been a relative decline in their significance. Government grants have been increased to offset this decline, but in spite of this change the actual per capita cost has increased 150 percent in Jasper Place. As individual assessments and the mill-rate have not altered to this extent the net effect of the change reflects a real improvement in the financial statement of Jasper Place.

32. Assessment Imbalance

The City has introduced certain figures dealing with the problem of "assessment imbalance" and has alleged that industry in the District is in large part the cause of this imbalance. This is not the case. With the exception of the costs directly

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"assessable as a consequence of the "dormitory argument" heretofore discussed, the imbalance would be just as severe if there were no Industrial Area in the District. The following matters must be considered:-

(1) The existence of very substantial non-taxable government facilities in the City results in a marked diminution in assessment. The installation of commercial facilities such as telephones, grain elevators, banks and warehouses contributes to both current and capital costs without offsetting revenues or with inadequate revenues.

(2) Construction activities in the City account for the largest single occupation of the employed labour force and yet contribute insignificant tax revenues. As long as the annual rate of new construction continues at or near present levels, the imbalance will remain.

(3) Oil activity within the Northern half of Alberta has contributed to the assessment imbalance by virtue of the fact that Edmonton is a base for these operations. It might also be pointed out that much of this activity uses cheap land and relatively low valued buildings - hence a relatively low assessment.

(4) Edmonton's growth as a military base has promoted population increases without an equal

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" and offsetting commercial development. In part this may gradually be corrected.

(5) The scale and character of the industrial promotion used by the City of Edmonton since 1945 has not been commensurate with its need for industry nor with its realizable potential for industry.

(6) There has been a marked trend from rural to urban living on a semi-retirement basis, and in addition family size has also increased. "

MR. BROWNLEE: Mr. Chairman, I wonder if that would be a good point to stop at?

THE CHAIRMAN: It will indeed.

MR. BROWNLEE: Thank you sir.

THE CHAIRMAN: Thank you very much, and may we hope to resume at 9:45 tomorrow?

MR. BROWNLEE: Yes, Mr. Chairman.

THE CHAIRMAN: Thank you very much, we adjourn until that hour.

(At this time the Commission was adjourned until 9:45 a.m. the 14th of January, A.D.1955.)